

BUSINESS WEEK

A MCGRAW-HILL PUBLICATION

FIFTY CENTS

FEB. 7, 1959



The new state legislatures:
They're hunting for new ideas
to cope with budgets that run
into the billions. (Regions)

STEVENS RICE
UNIVERSITY MICROFILMS
313 N 1ST ST
ANN ARBOR MICH
C 6 S



Photo courtesy Beebe Rubber Company, Nashua, N. H.

Sure way to keep a step ahead

Keeping a step ahead, in any field, often boils down to having a bright idea. And that's what you'll find in the ***RIPPLE® Sole**. Its unusual comfort, resilience and grip are virtually assured through use of a high-quality rubber compound—one based on **PLIOFLEX**.

Why Plioflex? Its lightness of color, ease of processing, excellent uniformity, toughness and resiliency are the main reasons for its growing popularity—not only in

soles, but in other quality rubber products which must be produced economically and efficiently.

If your product needs a lift, **PLIOFLEX** may be your answer. For detailed information on **PLIOFLEX** and other products in a complete line of synthetic rubbers and rubber chemicals—plus full technical assistance—write Goodyear, Chemical Division, Department B-9415, Akron 16, Ohio.



GOOD YEAR

CHEMICAL DIVISION

Plioflex—T. M. The Goodyear Tire & Rubber Company, Akron, Ohio *TM—Ripple Sole Corporation

IN BUSINESS THIS WEEK February 7, 1959

GENERAL BUSINESS

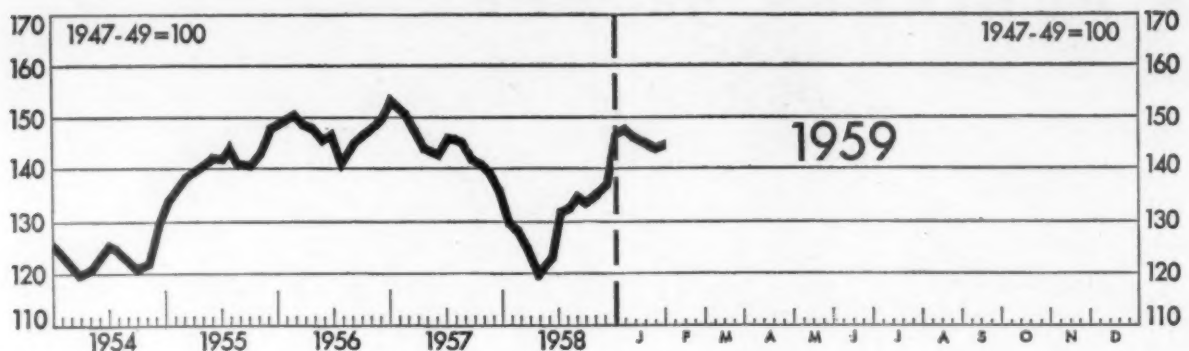
	Page
BUSINESS OUTLOOK	11
WASHINGTON OUTLOOK	31
INTERNATIONAL OUTLOOK	61
PERSONAL BUSINESS	81
THE TREND	92
FIGURES OF THE WEEK	2
READERS REPORT	5

THE TAX-CUT TUSSELE RESUMES. The Administration would like relief for business and high-bracket individuals, but Democratic opposition will be stiff.	15
PROFITS: GOOD, LOOKING BETTER. Fourth quarter salvages 1958 showings, and indicates a profitable year ahead.	16
THE SEGREGATION DIKE IS BROKEN. Virginia's example is likely to spread. But pupil assignment laws will probably hold integration to token numbers.	17
POLICY CLASH LOOSENS WRAPS ON MISSILES. And the Pentagon gives the press a peek at production lines.	18
DEALERS ARE STILL HOPEFUL. Most cars are coming out of the factories in less volume than a year ago, but dealers expect a return to their 1957 sales level.	20
TEXAS ANTITRUSTERS FRUSTRATE SINCLAIR. Its plans to buy a Texas crude oil explorer and producer were stopped by state—not federal—trustbusters.	21
TROUBLE ON FARM AID. Congress and Administration are split on production control and price support issues.	22
ANTITRUSTERS START FIRING AT GM. A federal grand jury begins a sweeping probe that could lead to breakup of the biggest manufacturer.	23
IN BUSINESS. News about failure of bank merger talks, West German coal tariff, state tax withholding, trouble over sewing machine imports.	24

THE DEPARTMENTS

BUSINESS ABROAD:	International Philanthropist. The Ford Foundation's well-developed global programs make it the biggest private foreign aid contributor.	68
ECONOMICS:	The Economics Pattern: Six Characters in Search of an Economist.	44
FINANCE:	In Finance. News about attack on California bank merger, equity financing, long-term funds, plans to boost rail income.	49
	Tax Prospects. No general increase is expected, but many loopholes may be plugged	50
LABOR:	Jockeying Starts on Labor Bills. With Congress in mood to act on reform, Democrats and Administration maneuver to carry along rival T-H changes.	26
	In Labor. News about tug strike, rail workers, telephone contract, rubber negotiations, jobless pay for workers idled by strike, textile settlement.	28
MARKETING:	In Marketing. News about admen's conference on government regulations, cigarette-size cigars, FCC ruling on networks and affiliates.	54
	The Marketing Pattern. Spreading the Discount Gospel.	56
	Hosiery Makers See a Long Run for Tights Fad. Teenagers' latest craze is making a big contribution to industry's sales.	58
THE MARKETS:	In the Markets. News about weakness in bond prices, rail bonds, closed-end trusts	75
	Stock Seesaw. Uncertain market has Wall Street split—but the argument is whether new highs will come before or after a dip.	76
PRODUCTION:	Industry Seeks Its Own Radio Net for intra-company communications, forwarding of data to computer centers, and remote control of processes. Phone companies fight it	37
	New Products.	42
REGIONS:	Ohio Fights Squeeze That's Gripping States. Need for new funds to pay for rising road, school, and other demands are typical of what nearly all states face (cover).	84
RESEARCH:	Physics Comes Out of Its Tower. Convening physicists have exciting news to report—including brighter prospects for fusion power.	67

FIGURES OF THE WEEK



BUSINESS WEEK INDEX (chart)

1946 Average	Year Ago	Month Ago	Week Ago	% Latest Week
91.6	128.3	148.5	†144.3	*145.1

PRODUCTION

Steel ingot (thous. of tons).....	1,281	1,457	2,085	†2,178	2,256
Automobiles and trucks.....	62,880	130,961	117,862	†159,893	152,342
Engineering const. awards (Eng. News-Rec. 4-wk. daily av. in thous.).....	\$17,083	\$47,979	\$58,779	\$63,682	\$63,193
Electric power (millions of kilowatt-hours).....	4,238	12,238	12,364	13,394	13,151
Crude oil and condensate (daily av., thous. of bbls.).....	4,751	6,842	7,122	7,194	7,107
Bituminous coal (daily av., thous. of tons).....	1,745	1,381	1,243	1,382	1,334
Paperboard (tons).....	167,269	244,049	N.A.	292,534	293,826

TRADE

Carloadings: mfrs., miscellaneous and l.c.l. (daily av., thous. of cars).....	82	53	56	57	54
Carloadings: all others (daily av., thous. of cars).....	53	39	45	41	38
Department store sales index (1947-49 = 100, not seasonally adjusted).....	90	100	205	116	105
Business failures (Dun & Bradstreet, number).....	22	326	169	296	322

PRICES

Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	311.9	392.8	388.0	385.2	383.2
Industrial raw materials, daily index (BLS, 1947-49 = 100).....	††73.2	83.1	89.2	88.4	88.9
Foodstuffs, daily index (BLS, 1947-49 = 100).....	††75.4	86.9	80.3	79.5	78.4
Print cloth (spot and nearby, yd.).....	17.5¢	17.6¢	18.2¢	18.2¢	18.2¢
Finished steel, index (BLS, 1947-49 = 100).....	††76.4	181.7	186.9	187.0	187.0
Scrap steel composite (Iron Age, ton).....	\$20.27	\$35.00	\$40.17	\$42.50	\$43.83
Copper (electrolytic, delivered price, E & MJ, lb.).....	14.045¢	24.915¢	29.000¢	29.060¢	29.560¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$1.97	\$2.19	\$1.95	\$2.02	\$2.01
Cotton, daily price (middling, 1 in., 14 designated markets, lb.).....	**30.56¢	34.70¢	34.35¢	34.32¢	34.31¢
Wool tops (Boston, lb.).....	\$1.51	\$1.78	\$1.65	\$1.63	1.62

FINANCE

500 stocks composite, price index (S&P's, 1941-43 = 10).....	17.08	42.01	55.40	55.74	55.23
Medium grade corporate bond yield (Baa issues, Moody's).....	3.05%	4.70%	4.86%	4.89%	4.90%
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate).....	¾-1%	3½%	3¾%	3¾%	3¾%

BANKING (Millions of Dollars)

Demand deposits adjusted, reporting member banks.....	††45,820	56,134	59,045	59,192	58,620
Total loans and investments, reporting member banks.....	††71,916	86,187	96,574	95,597	95,179
Commercial and agricultural loans, reporting member banks.....	††9,299	30,638	31,418	30,414	30,275
U. S. gov't guaranteed obligations held, reporting member banks.....	††49,879	25,923	31,894	32,290	32,126
Total federal reserve credit outstanding.....	23,888	24,632	28,910	27,368	27,094

MONTHLY FIGURES OF THE WEEK

	1946 Average	Year Ago	Month Ago	Latest Month
Private expenditures for new construction (in millions).....	\$803	\$2,408	\$2,887	\$2,603
Public expenditures for new construction (in millions).....	\$197	\$918	\$1,137	\$1,054
Consumer credit outstanding (in millions).....	\$6,704	\$44,774	\$43,464	\$45,065
Installment credit outstanding (in millions).....	\$3,174	\$34,095	\$33,126	\$32,865
Manufacturers' inventories (seasonally adjusted, in billions).....	\$21.3	\$53.5	\$49.3	\$49.2

* Preliminary, week ended January 31, 1959.
† Revised.

†† Estimate.
‡ Ten designated markets, middling ‡ in.

§ Date for 'Latest Week' on each series on request.

THE PICTURES—Cover—Ed Nano; 17—Grant Compton; 18—(top) U.P.I., (bot. lt.) Douglas Aircraft Co., (bot. rt.) Chrysler Corp.; 19—Chrysler Corp., (bot.) Douglas Aircraft Co.; 42—United Airlines; 44—Ed Malsberg; 58—Jack Fuller; 67—Jack Fuller; 68—British Information Services; 84, 85—Ed Nano.

1,600,000 Bell Telephone Share Owners

Most are small share owners. Women are the largest group.

More than 250,000 are Bell telephone employees.

The Bell System is an outstanding example of American democracy in business.

Millions of people use telephone service. 735,000 people work for the Bell companies. More than 1,600,000 people own A.T.&T. stock.

The owners of American Telephone and Telegraph Company stock are people in all walks of life.

Most of them are small share owners. No one individual owns as much as 1/30th of one per cent of the stock. Many thousands own five and ten shares. About half own fifteen shares or less.

Women are the largest group and hold the most stock. Over 250,000 of the share owners are Bell telephone employees.

Some 85 per cent of all the shares are owned by individuals. In addition to these direct owners of A.T.&T. securities, many millions of other people have an important, beneficial interest through the holdings of their insurance companies, pension funds, investment companies, unions, savings banks, etc.

The total of direct and indirect owners represents the great majority of all the families in the country.

A.T.&T. share owners, and the owners of A.T.&T. bonds, are the financial foundation of our ability to serve. For without the money they have put in the business you



OWNERSHIP IS WIDESPREAD. A.T.&T. share owners live in cities, towns and on farms, in 22,000 communities throughout the country. About 450,000 of the shares are in two names, generally husband and wife. Many hundreds of hospitals, churches, libraries and charitable organizations are among the holders of A.T.&T. stock and bonds.

would not have the quality and quantity of telephone service you enjoy today. Nor would there be work and wages for 735,000 employees.

Obviously, investors will continue to supply capital in the amounts required for present and future needs only if they can expect the Bell System to earn a return on the money they invest that is reasonable in comparison with the earnings rates of other companies and industries.

So telephone progress, and the advantage to all that comes from push-

ing ahead, begins with good earnings and our faith that Americans want good and improving service at prices which allow a fair profit.

That is the way of life which in our country has stimulated invention, nourished enterprise, created jobs, raised living standards and built our national strength.

As long as we live by this principle—and earnings are sufficient to enable us to carry it out—the future of the telephone is almost limitless in possibilities for service to you.

BELL TELEPHONE SYSTEM



How bundling with **AVISCO[®]** cellophane can improve distribution of your product and save you money

The bundling of anywhere from 3 to 24 packages of a kind is common practice with manufacturers. It divides the contents of their shipping cartons into easier-to-handle units, and protects their products during distribution and shelf storage.

Traditionally, a printed paper wrap or box has been used for this purpose. But today, economy-wise, sales-minded manufacturers are using AVISCO cellophane. Here's why:

Bundling with AVISCO cellophane offers substantial savings. It eliminates the need for printed or labeled boxes and paper overwraps; operates faster and more efficiently on wrapping machines; seals easily, quickly and securely with heat, thus ending the gluing operation.

New packaging flexibility over boxes is also achieved because bundle sizes can be changed simply by adjusting the machines. Even more, the use of cello-

phane reduces shipping carton sizes, shipping weights and the amount of warehouse space needed to store packaging materials.

Cellophane bundling also wins favor with wholesalers. It enables them to make up orders easier because its true transparency permits 6-sided visibility. This means instant identification and faster count. Cellophane also gives complete protection against dust and moisture—and seals in freshness. So, you see, it actually becomes an extra selling tool.

Retailers also profit from cellophane bundling. Identification and handling are easier. Bundles can be used as shelf displays without unwrapping—thus assuring fresh, clean stock. And the sparkle of cellophane adds dramatic sales appeal to the products! Another advantage retailers like is the elimination of the disposal problem caused by bulky cartons and wraps.

If you have a product that's bundled (or should be bundled), tell us about it. We offer a complete packaging service to assist you, and demonstrate how AVISCO cellophane, plain or printed, will answer your bundling requirements better and more economically than any other packaging material. Phone or write us for an appointment with our representative in your area or a selected cellophane converter specializing in your field.



AMERICAN VISCOSÉ CORPORATION, FILM DIVISION, 1617 PENNSYLVANIA BOULEVARD, PHILADELPHIA 3, PENNSYLVANIA

B U S I N E S S W E E K

EDITOR & PUBLISHER Elliott V. Bell
MANAGING EDITOR Kenneth Kramer

ASSISTANT MANAGING EDITOR Robert B. Colborn
ASSOCIATE MANAGING EDITORS John L. Cobbs, Peter French, Eugene Miller
SENIOR EDITORS
Clark R. Pace, Howard Whidden, M. J. Rossant

DEPARTMENTS

Business Outlook: Clark R. Pace, *Editor*; Sam I. Nakagama
Economics: Leonard Silk, *Editor*
Finance: M. J. Rossant, *Editor*; Irwin Lainoff, H. Erich Heinemann
Foreign: Howard Whidden, *Editor*; Paul Finney, F. R. Lehaney
Industrial Production: Theodore B. Merrill, Jr., *Editor*; C. Peter Buckley, Anthony Astrachan
Labor: Edward T. Townsend, *Editor*; Thomas R. Brooks
Management: Daniel B. Moskowitz
Marketing: Richard L. Waddell, *Editor*; Cora Carter, Jack E. Patterson
Personal Business: Joseph L. Wiltsee, *Editor*; Nathalie E. Lampman
Regions: Werner Renberg, *Editor*
Research: Jane H. Cutaia, *Editor*
Copy Editors: T. B. Crane (*Senior Copy Editor*), Jeanne A. Bernhardt, Robert F. Deed, John A. Dierdorff, Lawrence H. Odell, Doris I. White
Staff Writers: John H. Maughan, Christopher Elias
Editorial Assistants: Edward J. Burgess, Jr., Jean Drummond, John Hudor, Herbert Klein, Kathleen Kundel, Robert F. Murphy
Illustration: Richard A. Wolters, *Editor*; Robert Isear, *Pictures*; Frank Ronan, *Graphics*; Grant Compton, Mario De Vincentis, Jack H. Fuller, Herbert F. Kratovil, Jomary Mosley, Arthur Richter, Joan Sydlow
Library: Jane G. Racza, *Librarian*; Tessie Mantzoros
Assistant to the Editor & Publisher: Gerald W. Schroder

U.S. & CANADIAN NEWS SERVICE

Atlanta Bureau: Frances Ridgway
Boston Bureau: Brenton Welling, Jr., *Manager*; Lucie Adam
Chicago Bureau: Merlin H. Mickel, *Manager*; Franklin N. Karmatz, Joanne Sponsler
Cleveland Bureau: John K. Fockler, *Manager*; Violet Bashian
Detroit Bureau: William Kroger, *Manager*; Michael Davis, Lucille Rose
Houston Bureau: Normand DuBeau, *Manager*; John Whitmore III
Los Angeles Bureau: Thomas M. Self, *Manager*; James P. Roscow
Milwaukee Bureau: Keith G. Felcyn, *Manager*
Philadelphia Bureau: W. B. Whichard, Jr., *Manager*; Richard C. Halloran, Eileen P. Schneider
Pittsburgh Bureau: Richard N. Larkin, *Manager*; George W. New, Mary K. McCaffery
San Francisco Bureau: Richard Lamb, *Manager*; Margaret J. Scandling
Toronto Bureau: John D. Harbron, *Manager*; Jean Ross-Skinner
Washington Bureau: George B. Bryant, Jr., *Manager*; Alan E. Adams, Glen Bayless, Roy Calvin, Ernest Conine, Anthony DeLeonardis, John C. I. Donaldson, Jay Flocken, Boyd France, Donald O. Loomis, Gladys Montgomery, Arthur L. Moore, Burkey Musselman, Seth Payne, Dean Reed, Morton A. Reichel, Caroline Robertson, Vincent Smith.

McGraw-Hill Economics Staff

Dexter M. Keezer, *Director*; William H. Chartener, Douglas Greenwald, Margaret K. Matulis, Robert P. Ulin

McGraw-Hill News Service

Manager: John Wilhelm; **Beirut:** O. M. Marashian; **Bonn:** Morrie Helitzer, Silke Brueckler; **Caracas:** John Pearson; **London:** William J. Coughlin, John Tunstall, Derek Barlow, John Shinn; **Mexico City:** Peter Weaver; **Moscow:** Robert Gibson, Victor Lewis; **Paris:** Robert E. Farrell, Helen Avati; **Tokyo:** Sol Sanders, John Yamaguchi, Toshiko Matsumura; **Chicago:** Stewart W. Ramsey; **Cleveland:** William G. Meldrum; **Dallas:** Kemp Anderson, Jr., Mary Lorraine Smith; **Detroit:** Donald MacDonald; **Los Angeles:** John Kearney, Michael J. Murphy; **San Francisco:** Margaret Ralston, Jenness Keene, Sue Johnson; **Seattle:** Ray Bloomberg.

ASSOCIATE PUBLISHER Bayard E. Sawyer
ADVERTISING DIRECTOR John M. Holden
BUSINESS MANAGER Richard E. McGraw



BUSINESS WEEK • FEBRUARY 7, 1959 • NUMBER 1536

Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1860-1948), Founder. **PUBLICATION OFFICE:** 99-129 North Broadway, Albany, N. Y. See panel below for directions regarding subscriptions or change of address. **EXECUTIVE, EDITORIAL, CIRCULATION and ADVERTISING OFFICES:** McGraw-Hill Building, 330 West 42nd Street, N. Y. 36, N. Y. Donald C. McGraw, President; Joseph A. Gerardi, Executive Vice President; L. Keith Goodrich, Vice President and Treasurer; John J. Cooke, Secretary. Officers of the Publications Division: Nelson L. Bond, President; Ralph B. Smith, Vice President and Editorial Director; Joseph H. Allen, Vice President and Director of Advertising Sales; A. R. Venezian, Vice President and Circulation Coordinator. Subscriptions to Business Week are solicited only from management men in business and industry. **POSITION AND COMPANY CONNECTION MUST BE INDICATED ON SUBSCRIPTION ORDERS. SEND TO ADDRESS SHOWN IN BOX BELOW.** United States subscription rates for individuals in the field of the publication, \$6 per year, single copies 50¢. Second class postage paid at Albany, N. Y. Printed in U. S. A. Title registered in U. S. Patent Office. © Copyright 1959 by McGraw-Hill Publishing Co., Inc. All rights reserved.

SUBSCRIBERS: Send subscription correspondence and change of address to Fulfillment Manager, BUSINESS WEEK, 330 W. 42nd Street, N. Y. 36, N. Y. Subscribers should notify Fulfillment Manager promptly of any change of address, giving old as well as new address, and including postal zone number, if any (official Post Office request). If possible, enclose an address label from a recent issue of the magazine. Since copies are addressed one to two issues in advance, please allow one month for change of address to become effective.

POSTMASTER . . . Please send form 3579 to Business Week, 330 W. 42nd Street, N. Y. 36, N. Y.

BUSINESS WEEK • Feb. 7, 1959

READERS REPORT

Brighter Outlook

Dear Sir:

I read with some dismay your discussion of the 1959 outlook for transportation, Special Report [BW—Dec.27'58,p36] — particularly the comment on pages 42-43 in which you appear to assume that "the demise of the long-distance passenger train" is a certainty.

We of the Burlington view the future for rail passenger business with more confidence. No little encouragement is derived from the fact that our passenger revenues increased in each of the five years through 1957, and despite the recession, our passenger revenues in the past year were only about 3 per cent below the preceding year's total. . . .

The Burlington intends to remain in the passenger business. We think that for the foreseeable future, there will continue to be a sufficient percentage of the traveling public to whom time is not the sole determinant as to what form of transport to use, and who will prefer the comfort and convenience of rail travel between large centers of population—provided the equipment is modern, schedules reasonably fast . . . and the service is good.

H. C. MURPHY

PRESIDENT
BURLINGTON LINES
CHICAGO, ILL.

Typographical Error

Dear Sir:

In reading the interesting article, Turbines Primed for Big Chance [BW—Jan.17'59,p38], we noted that the horsepower rating of Solar's Saturn engine was quoted at 100 hp. rather than at 1000 hp.

Undoubtedly this was the result of an unfortunate typographical error. Had the correct rating of 1000 hp. been shown, the engine would have compared quite favorably with the others listed. . . .

F. S. HAGE, JR.

ASST. TO THE PRESIDENT
SOLAR AIRCRAFT CO.
SAN DIEGO, CALIF.

Economic Cold War

Dear Sir:

Many thanks for your revealing article Russia's Newest Trade Weapon [BW—Jan.24'59,p36].

It is inconceivable that any schools, public or private, would

MECHANIZE

all Scrubbing Operations into 1

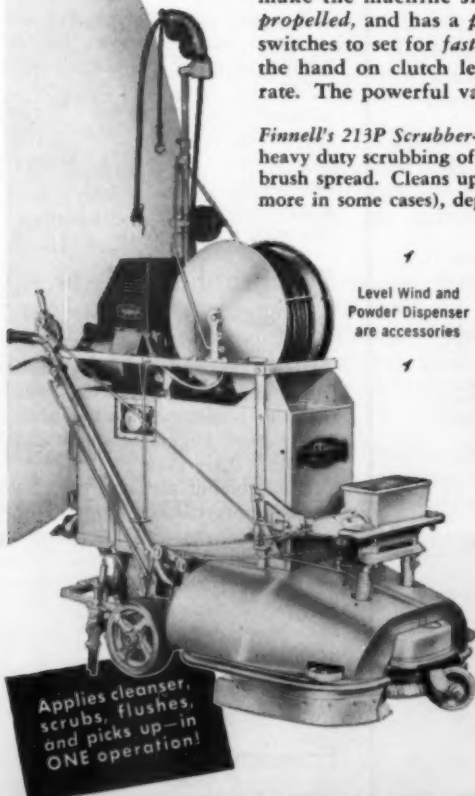
with a **COMBINATION SCRUBBER-VAC!**

Here's a timely answer to the need for reducing labor costs — a single cleaning unit that completely mechanizes scrubbing. A Combination Scrubber-Vac applies the cleanser, scrubs, flushes if required, and picks up (damp-dries the floor) — all in one operation! Maintenance men like the convenience of working with this single unit... the thoroughness with which it cleans... and the features that make the machine simple to operate. It's self-propelled, and has a positive clutch. There are no switches to set for fast or slow — slight pressure of the hand on clutch lever adjusts speed to desired rate. The powerful vac performs quietly.

Finnell's 213P Scrubber-Vac at left, an electric unit for heavy duty scrubbing of large-area floors, has a 26-inch brush spread. Cleans up to 8,750 sq. ft. per hour (and more in some cases), depending upon condition of the

floors, congestion, et cetera. (The machine can be leased or purchased.) Finnell makes a full range of sizes, and gasoline or propane powered as well as electric models. From this complete line, you can choose the size and model that's exactly right for your job (no need to over-buy or under-buy). It's also good to know that a Finnell Floor Specialist and Engineer is nearby to help train your maintenance operators in the proper use of the machine and to make periodic check-ups.

For demonstration, consultation, or literature, phone or write nearest Finnell Branch or Finnell System, Inc., 3802 East St., Elkhart, Ind. Branch Offices in all principal cities of the United States and Canada.



Level Wind and Powder Dispenser are accessories

Applies cleanser, scrubs, flushes, and picks up—in ONE operation!

FINNELL SYSTEM, INC.

Originators of
Power Scrubbing and Polishing Machines



BRANCHES
IN ALL
PRINCIPAL
CITIES

buy school laboratory equipment from Russia at any price. From free countries, yes! From slave nations, no!

The cold war is costing American taxpayers billions. Why should we contribute our dollars to more and hotter cold wars? American business is our largest taxpayer to our public school systems and contributes millions annually to private colleges and universities in both scholarships and capital funds. . . .

EDWIN J. MACEWAN

EXECUTIVE VICE-PRESIDENT
CHAMBER OF COMMERCE
PATERSON, N. J.

Another View on SEC

Dear Sir:

Your editorial Where SEC Forgot Common Sense [BW—Dec. 13 '58, p. 140] is at best, misleading.

The SEC does not seek to suppress legitimate information, as you declare. It merely requires that issuers and underwriters be held accountable for information released by them prior to anticipated security registration.

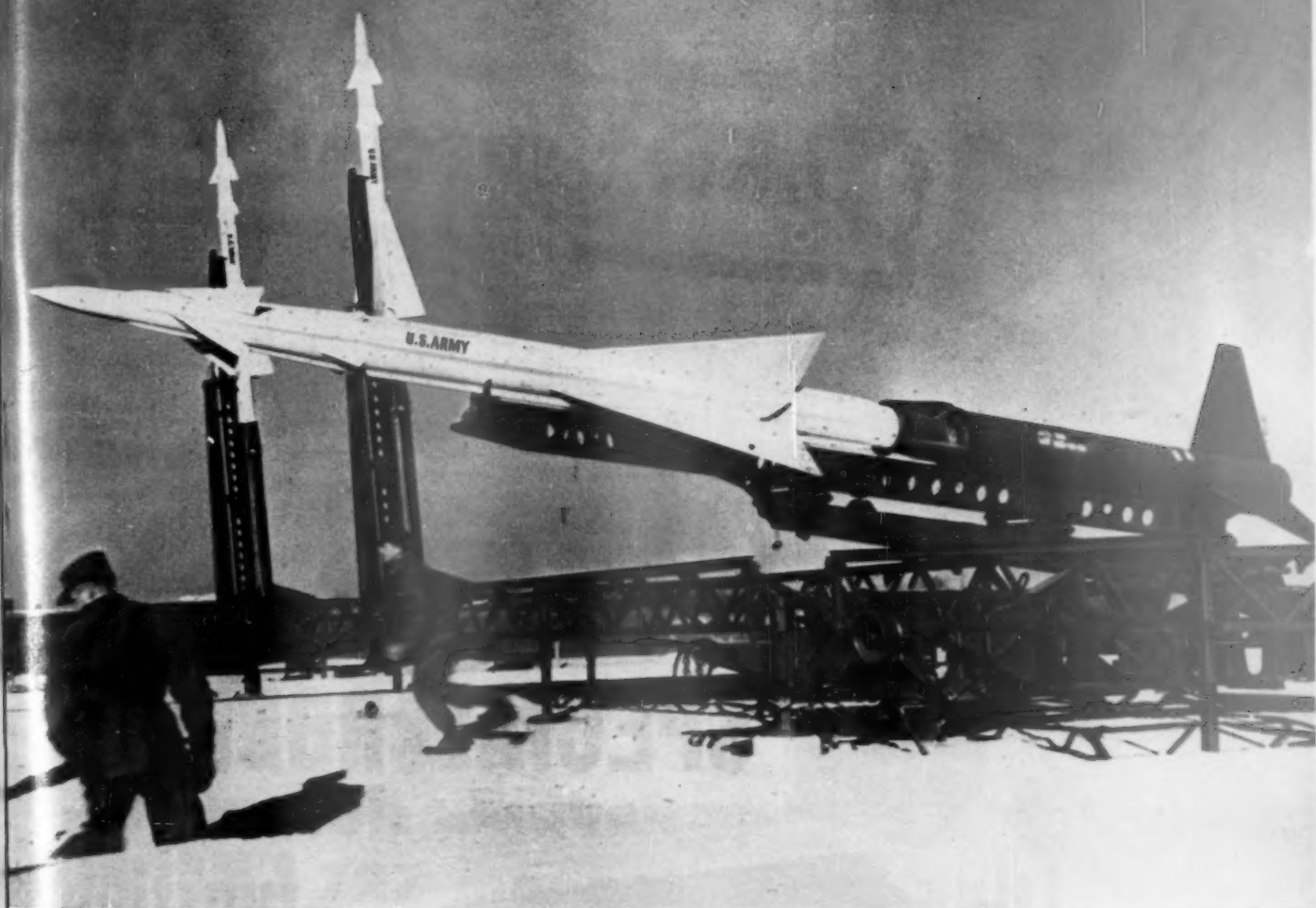
Certainly, the interpreting of news releases or press conferences as "offers to sell" need not stifle the free flow of information. Because such interpretation attaches the liabilities imposed under the 1933 Act, however, it means that the release of untrue or misleading information will be held to a minimum.

Put it this way. If a contemplated news release is material to the forthcoming offering, it deserves a place in the prospectus and need not be disclosed elsewhere. If it is not a material fact, complete failure to disclose it will not deprive the ordinary investor of anything, for he will have the same amount of material information as the company "insiders."

R. W. STANLEY

SUMMIT, N. J.

• The point of our editorial was that SEC's policy does, in fact, suppress information by making companies unwilling to answer the legitimate questions of business reporters. This, rather than the question of news releases, is the real point at issue. As the editorial stated, Congress never intended "to make SEC the sole channel through which information could be communicated to the public. Its job is to see that the basic minimum of information is circulated as widely as possible; it is not supposed to restrict information to that basic minimum."



U.S. Army personnel prepare to raise Nike guided missile to vertical firing position. (U.S. Army photo)

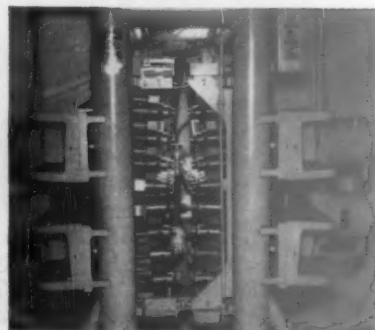
Keeping the Nikes Rolling Along

Relentless pursuer of enemy aircraft, the Nike guided missile can intercept and destroy even the most evasive target. These missiles are our inner ring of defense for industrial, heavily populated and other strategic areas.

To assure a plentiful supply of Nikes, ultramodern production methods are used. The lower photograph shows one such method—a multiple drilling setup with Gardner-Denver air drills at Missile Division of Douglas Aircraft Company.

The machine illustrated prepares both sides of a Nike fin for fabrication. The air tools, in a special fixture, drill 108 holes and countersink them in two minutes. Drills advance and retract to preset tolerances; the entire operation is automatic.

Pneumatic tools, manufactured by Gardner-Denver, today help speed national defense—just as they enable industry to produce peacetime products at lower cost. Gardner-Denver Company, Quincy, Illinois.



Holes being drilled in Nike fin with Gardner-Denver air tools.



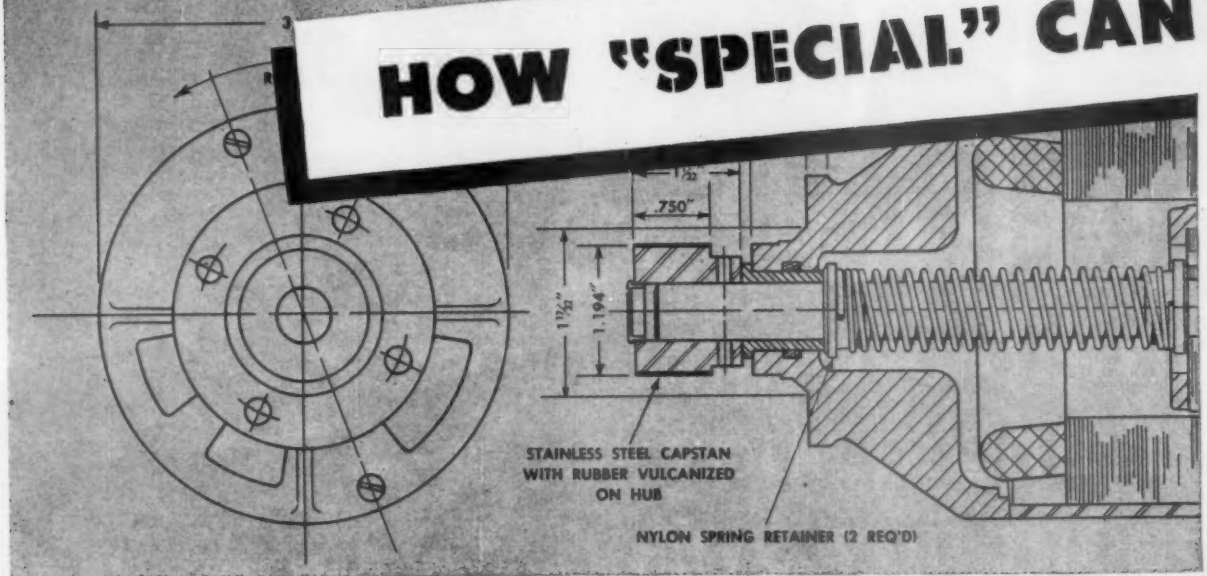
EQUIPMENT TODAY FOR THE CHALLENGE OF TOMORROW

GARDNER-DENVER

Gardner-Denver Company, Quincy, Illinois

In Canada: Gardner-Denver Company (Canada), Ltd., 14 Curity Avenue, Toronto 16, Ontario

HOW "SPECIAL" CAN



SPECIAL ROBBINS capstan motors function



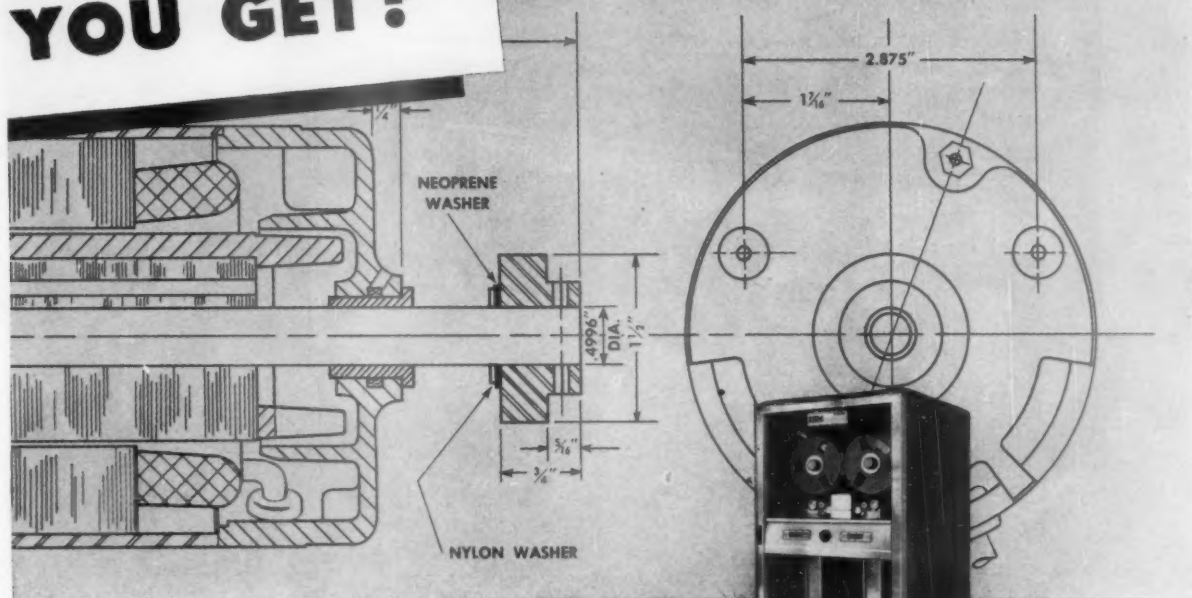
SPECIFICATIONS

Reluctance synchronous motor, 1/20 HP, 60 cycle, 3 phase, 208 volts \pm 8%, 1200 RPM . . . Rotor dynamically balanced to commercial specifications . . . Shaft is shown in position when motor is stopped . . . When motor is running at synchronous speed, a minimum axial force of 350 grams is required with spring in place before displacement occurs . . . When rotor is in its retracted position and power is applied, the minimum axial force developed with spring in place is 100 grams . . . When power is cut off, the spring retracts the rotor with minimum 50 gram force while rotor is rotating.

*Robbins & Myers
builds motors from*

1/200 to 200 horsepower

YOU GET?



& MYERS accomplish unique in IBM'S 727 magnetic tape unit!



**SHAFT
ROTATES
AND
MOVES
AXIALLY**

Two of these special R&M motors are used in each of IBM's 727 Magnetic Tape Units. They answer IBM's need for a tape unit drive motor with a retractable capstan. The rotating shaft moves axially when the motor is started or stopped.

A spring holds the rotor, shaft and capstan in retracted position when the motor is stopped. When started, as the motor attains synchronous speed, axial force created as the rotor centers itself in the field becomes sufficient to overcome spring resistance. The capstan moves into engaged position and sends the tape reels rolling. Another capstan on the opposite end of the shaft (at

right in drawing) actuates two micro-switches as the rotor returns to retracted position when motor is stopped.

Four additional R&M fractional horsepower motors perform other high-speed power tasks within the tape units—driving reels, rewinding, unloading tape and retracting guide mechanisms.

R&M motors meet strict IBM engineering requirements: precise adaptability to special functions, capacity for lightning starts and stops, and absolute dependability. R&M can also design and build motors of highest quality designed to your exact specifications. For reliable fractional power, contact Robbins & Myers!



ROBBINS & MYERS, INC.

SPRINGFIELD, OHIO

BRANTFORD, ONTARIO



MOTORS



FANS



HOISTS



MOTOR PUMPS



PROPELLER FANS

ANOTHER RYERSON PLUS: Production-ready steel



"There's the front end of our production line ... right on time"

Steel right off the truck—ready for your production line . . . your steel supply can be that simple when you rely on Ryerson. You order only the kind and quantity of steel you need—as you need it—and cut costs all along the line.

You reduce investment in equipment as well as materials. You save valuable storage space . . . reduce

handling costs, scrap loss, taxes, etc. You gain complete flexibility of steel supply without long-term commitments . . . and assure a ready, steady flow of material to keep production stepping. You're never caught short . . . you're never overloaded.

Ryerson's size, facilities, staff and service attitude assure dependable delivery to meet regular schedules or to handle special short-run orders. Whatever you need, this unsurpassed source of Certified Quality steel is at your finger tips. Phone your nearby Ryerson plant today.



RYERSON STEEL®

Member of the **INLAND** Steel Family

Principal Products: Carbon, alloy and stainless steel—bars, structurals, plates, sheets, tubing—aluminum, industrial plastics, metalworking machinery, etc.

JOSEPH T. RYERSON & SON, INC. PLANTS AT: NEW YORK • BOSTON • WALLINGFORD, CONN. • PHILADELPHIA • CHARLOTTE • CINCINNATI • CLEVELAND
DETROIT • PITTSBURGH • BUFFALO • INDIANAPOLIS • CHICAGO • MILWAUKEE • ST. LOUIS • LOS ANGELES • SAN FRANCISCO • SPOKANE • SEATTLE

BUSINESS OUTLOOK

BUSINESS WEEK

FEB. 7, 1959



You can discount steel's rush of new orders as insurance buying. And you can wonder how autos will sell, come spring.

But you can hardly fault construction; here is a mainspring in the recovery, one which helped start it and will continue to keep it ticking.

Contract awards for heavy construction—a forecaster of future activity—topped a year ago by 30% in January, according to McGraw-Hill's Engineering News-Record.

New volume added up to more than \$1.6-billion last month.

This includes mass housing, which ran ahead of last year by 36%. But you have to add on the sturdy gains being turned in, month by month, for smaller scale home building which EN-R doesn't tabulate.

Improvement in the volume of heavy construction awards pulls them back just about on a par with January, 1957. However, they remain about 18% below the biggest January on record—1956.

Contracts for public construction continue to out-distance private awards. Various types of public projects—water, sewerage, roads, public buildings—piled up more than \$950-million for January.

However, when it comes to rate of gain, large private projects are pulling ahead. They were up 32% in January against 30% for public.

Private work, moreover, affords the greatest room for improvement. Commercial structures are booming, to be sure, with a gain of almost 50%; but industrial building still is relatively slack.

Highway work has become very big business indeed. Washington figures show payments to the states soaring above \$880-million in last year's final quarter, more than double their level of a year earlier.

Work actually put in place during January (as distinct from contract awards for new construction) went to a new high for this time of year.

The joint estimates by the Labor and Commerce Depts. place last month's figure at \$3.7-billion against \$3.3-billion a year earlier.

It is entirely possible, however, that this year's estimate is too high. January was a month of extremely bad weather, and this would not be fully taken into account in a preliminary calculation such as this.

Housing's gains are making the big contribution to private spending; these are fully reflected in the Labor-Commerce estimates. As in other recent months, January is credited with a big gain in private housing.

This more than offset declines in industrial and office building.

Galvanizing was one branch of the steel industry that felt little or no pain, even in a year like 1958. And without doubt the biggest reason was construction.

Shipments of galvanized sheets last year ran more than 2.8-million

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
FEB. 7, 1959

tons, according to the American Iron & Steel Institute. That was a gain of 18% over 1957 and very little below 1956's record 2.9-million tons.

—•—

Consumers, in December, showed the first real signs of returning confidence after the recession.

- You saw that in the record retail sales (BW—Jan.17'59,p19).
- Now you get further confirming evidence from the Federal Reserve Board's monthly report on consumer credit.

Consumers apparently hung up the tab on about \$1.6-billion worth of goods during the Christmas shopping spree.

That's how much consumer credit outstanding rose between the end of November and the end of December. Yet, due to conservatism earlier in the year, yearend outstandings were only \$300-million above 1957.

That was the smallest rise for any year since World War II.

Most people's disinclination to go into debt last year shows up clearly in **installment credit** (which made up about three-quarters of all consumer debt at yearend, the other big item being charge accounts).

Even a jump of more than \$700-million in outstanding installment debt in December left the total \$200-million below the end 1957 level.

For autos, the story is still more striking. Debt incurred in buying cars amounted to \$14.1-billion at the end of 1958. This was lower even than the final 1956 figure and more than \$1¼-billion below 1957.

Last year saw some slackening in the rate of rise in personal loans.

This total, up by about 13% in each of the three preceding years, rose only about 8½% during 1958. This, however, may have been due less to reduced demand than to job instability and smaller pay checks.

—•—

Here's a pretty good measure of how far recovery has come by now:

The value of manufacturers' shipments is running at an annual rate of better than \$110-billion. That's an increase of something more than 10% from the low level last March and April. Nevertheless, it still falls about 7% short of getting us back up to the peak reached early in 1957.

Shipments of plants turning out durable goods—which had the fastest and deepest drop—now are at about \$55-billion a year, a 20% comeback.

—•—

Manufacturers' new orders doubtless will outrun the value of shipments by a very substantial margin in the next three or four months.

That, however, may not be so favorable as it looks at first glance.

Part of the business, to be sure, will reflect the need for more inventory at present levels of business. But it also will represent a big element of precautionary buying in case strikes cut metal supplies. And it probably is a forerunner of a drop in orders during the third quarter.

In process engineering design
*Efficient production planning
results in major plant profits*

From site selection to completed process project, engineers from Stone & Webster Engineering Corporation have won an industry-wide reputation for efficiency and inventiveness. That's because they're trained to become as profit-minded as the most exacting clients they serve. And along with final plant operating efficiency, meeting construction schedules and budgets share equal importance in their long-term profit thinking.

We believe your next engineering project would benefit from the skill and experience available at Stone & Webster. Call or write our nearest office.

*Stone & Webster adds profits to your
project through engineering economies
and plant efficiencies.*



**STONE & WEBSTER
ENGINEERING CORPORATION**

Affiliated with STONE & WEBSTER ENGINEERING LIMITED (LONDON)

New York • Boston • Chicago • Pittsburgh • Houston
San Francisco • Los Angeles • Seattle • Toronto

First choice with businessmen... the "Thermo-Fax" Copying Machine



No other office machine does so many jobs so easily...for so little!

Billing, accounting, addressing, communications . . . businesses throughout America use the "Thermo-Fax" Copying Machine—in over 100 different ways—to speed work and cut costs. It's completely electric, completely clean. It makes dry copies of business papers in just four seconds without the use of chemicals or negatives.

"Thermo-Fax" Copy Paper is available in a variety of colors to expedite communications. These are reasons why more businessmen buy and prefer "Thermo-Fax" Copying Machines—proved by recent surveys made by leading business publications. See this office machine that does more, quicker, at lower cost. Phone your dealer or mail the coupon.

MINNESOTA MINING AND MANUFACTURING COMPANY

... WHERE RESEARCH IS THE KEY TO TOMORROW



THE TERMS "THERMO-FAX" AND "SECRETARY" ARE REGISTERED TRADEMARKS OF MINNESOTA MINING AND MANUFACTURING COMPANY

MINNESOTA MINING AND MANUFACTURING COMPANY Dept. HR-279, St. Paul 6, Minn.
Please send me details on how the "Thermo-Fax" Copying Machine will help me cut costs in my business.

Name _____
Company _____
Address _____
City _____ Zone _____ State _____

The Tax-Cut Tussle Resumes

● After a time-out for the recession and Congressional elections, the battle over reducing taxes is on again.

● Eisenhower's Administration wants to hold spending and use a surplus anticipated for fiscal 1961 for tax relief—mostly benefiting business and big personal taxpayers.

● Democratic leaders scoff at the chance of a surplus, but if there is one, they will fight to cut low-bracket tax rates or just up spending—and they will have the votes to win.

After an uneasy period on the sidelines—where it was banished by leaders of both parties—tax reduction is back as a major issue in Washington.

A collision is certain between Democratic plans for more spending and a move by Eisenhower to cut taxes, particularly taxes on business. Both parties have the same goal in mind—stimulating economic growth. But they are clashing head-on over how to do it.

Last year, the cautious men who call the policy turns for both parties were afraid to talk about taxes. They feared the combination of recession worries and a hot congressional campaign would result in indiscriminate slashing. So they agreed to keep the issue quiescent.

• **Cease-Fire Ended**—That truce is over. Eisenhower delighted Republicans by taking the first step in his Budget Message. He held out the lure of lower taxes if Democrats accept his spending ceiling of \$77-billion for fiscal 1960. Democrats now are seeking ways to offset the GOP advantage.

Actually, Eisenhower has promised nothing definite. Every reference in official messages and in off-the-cuff comments has been carefully hedged. But behind the hedging is a definite tax philosophy and the outline of a step-by-step program to carry it out.

In his Budget Message, Eisenhower said tax reform and a downward adjustment of rates will be essential in future years for continued economic growth. "With a balance in our finances in 1960," he went on, "we can look forward to tax reduction in the reasonably foreseeable future."

• **Official Stand**—The Administration position boils down to this:

If the economy grows as expected and spending is held to \$77-billion, there

could be a surplus of \$3-billion or perhaps \$5-billion for fiscal 1961. A token amount would be assigned to debt reduction. If the Administration has its way, though, most of it would go for tax reform—much of it helping business and big taxpayers. The Democrats—unless they change their present position—would favor sopping up any surplus by increasing spending.

The Administration believes a rational tax program calls for reducing taxes affecting investment before general income rates are cut. Political realism makes it impossible to separate the two kinds of tax reduction so neatly, but the emphasis will be on aiding business just the same.

• **The Percentages**—Eisenhower's advisers are discussing such moves as making 60% or 65% the ceiling rate on personal incomes instead of the present 91%. They are also speculating on the effects of lowering the corporation rate from 52% to 49%. They believe a rate below 50% might have a strong psychological impact on businessmen, encouraging expansion and perhaps leading to a crackdown on loose expense accounts. In both cases, revenue at the lower rate might soon exceed the \$21-billion expected from corporations in the next fiscal year.

Another idea under review is to liberalize tax allowances for new plant and equipment expenditures. The experts are also pondering the possibility of canceling all existing excises except those on cigarettes and beverages. They would substitute a general manufacturers' sales tax at something like 1½%.

• **Nixon's Hand**—Behind the Administration's decision to revive the tax issue, it's easy to see the growing influence of Vice-Pres. Richard M. Nixon.

On the surface, it might appear that Nixon has been rebuffed. Last September, in a major speech at Harvard University, he proposed slashing taxes as a means of stimulating economic growth regardless of the \$12-billion deficit looming this fiscal year (BW—Sep. 13 '58, p. 38). To this, Eisenhower and Secy. of the Treasury Robert B. Anderson have said no.

But the proposals for aiding business now being studied in the Treasury are the same ones advanced by Nixon in his Harvard speech. Thus, he pointed the way the Administration now hopes to take—the budget and the temper of the Democrats permitting.

• **Capitol Hill Chances**—Senate Majority Leader Lyndon Johnson—speaking for the Democratic leadership—is assailing the talk about tax cuts as propaganda designed "to create a political issue for 1960."

He argues that the budget actually does not contain "a ghost of a promise of a tax cut." He has called on those talking about reductions to apologize to the American people—making it clear he has in mind Republican leaders who echoed Administration tax cut hopes after visiting Eisenhower.

Johnson readily disclosed what is probably the real source of his vexation. He told fellow senators that when he visited Eisenhower: "The President never said anything about tax cuts. The President talked to me about reducing spending."

• **GOP Hopes**—Republicans believe their advantage will stick. As they see it, if any tax cuts are made before the 1960 elections, credit will go to the GOP. If no reduction is forthcoming, they feel the blame is already fixed on the Democrats.

No one in the Administration expects the Democrats to take their setback without a counter.

"We know what we're up against," one Eisenhower tax man says. "A separate aid-to-business tax reform would be chopped to bits. So when we send up a tax program it will have something in it for the lower brackets, too."

The real question is whether business aid of any kind would stick. Democrats have the votes to knock out all such proposals and substitute reductions in the lower brackets or simply drive spending up another notch.

Profits: Good, Looking Better

Company	Percent Change from 1957				1958
	Fourth Quarter		Full Year		Net income in thousands of dollars
	1958		1958		
	Sales	Net	Sales	Net	
STEEL					
Acme Steel	+20.6	+228.3	-12.8	-12.4	5,270
Armco Steel	- 0.4	+102.5	-19.2	-16.2	57,233
Bethlehem Steel	-11.9	+ 22.0	-23.0	-27.9	137,741
Granite City Steel	+21.7	+ 49.5	+ 1.0	- 6.1	9,374
Inland Steel	+ 1.3	- 0.4	-14.4	-18.7	47,866
Republic Steel	+ 5.1	+ 90.7	-25.8	-27.2	61,921
U. S. Steel	- 9.4	+ 0.7	-21.4	-28.2	301,302
Wheeling Steel	+17.8	+ 37.6	-11.5	-26.3	8,899
Youngstown Sheet & Tube	- 0.3	- 6.1	-26.4	-49.5	21,501
RAIL					
Atchison, Topeka & S. F.	+ 5.5	+ 15.6	- 2.5	+ 8.5	67,235
Pennsylvania R. R.	- 2.5	+752.4	-14.5	-81.4	3,544
Virginian Railway	-15.0	+ 33.1	-23.0	-32.3	11,578
UTILITY					
Consolidated Edison of N. Y.	+ 5.9	+ 14.5	+ 4.4	+15.3	65,357
Long Island Lighting	+10.8	+ 17.3	+11.0	+22.1	12,108
Kansas Power & Light	+ 4.7	+ 26.7	+ 4.0	+ 2.4	6,012
OIL					
Atlantic Refining	+ 4.6	+131.2	- 3.2	- 5.2	33,825
Sun Oil Co.	- 1.6	+ 11.3	- 7.2	-32.5	32,061
Standard Oil (N. J.)	+ 2.1	- 29.7	- 3.4	-29.9	564,000
PAPER					
Crown Zellerbach	+11.2	+ 21.7	+ 1.8	- 2.9	33,234
St. Regis Paper	+ 5.7	+ 16.2	- 0.03	- 3.7	21,000
Sealright-Oswego Falls	+ 3.7	- 8.4	- 1.4	+ 0.9	2,001
Union Bag-Camp Paper	+ 3.2	+ 5.6	- 2.4	-13.7	15,650
CHEMICAL					
Air Reduction	- 5.2	- 12.1	- 7.7	-19.0	13,349
Hercules Powder	+ 3.2	+ 8.3	- 3.6	- 3.4	17,508
Koppers Co.	-29.3	+ 20.5	-20.5	-30.1	6,609
Union Carbide	+ 5.1	+ 34.1	- 7.1	- 6.6	124,936
OTHER					
Amer. Brake Shoe	-18.7	- 13.4	-26.2	-47.7	4,777
Blaw-Knox	-22.4	- 1.4	- 9.0	- 2.1	6,860
Budd Co.	- 6.3	+ 99.9	-28.2	-78.4	1,919
Cooper-Bessemer	- 7.5	+ 0.1	-24.5	-38.0	3,308
Ford Motor Co.	+ 7.0	+109.9	-28.0	-66.2	95,700
I.B.M.	+ 3.3	+ 29.1	+17.1	+41.3	126,191
Johns-Manville	+ 8.2	+100.8	- 1.4	+23.4	21,942
Kaiser Aluminum & Chemical	+ 7.5	+ 51.1	+ 4.3	- 6.0	25,232
Kennecott Copper	+16.6	+ 52.0	-15.7	-25.1	59,385
Libbey-Owens-Ford	N. A.	+ 5.7	- 8.6	-23.4	21,445
National Biscuit	- 2.1	+ 12.4	- 2.6	+ 0.1	22,071
National Distillers	+ 3.7	- 5.0	- 2.6	-12.7	20,103
Philadelphia & Reading	+10.7	+ 16.6	- 4.1	+ 9.3	7,242
Philco	+ 7.6	+ 88.0	- 5.8	-29.8	2,866
Philip Morris	+11.8	+ 12.0	+ 7.8	+ 8.4	17,089
G. D. Searle	+ 1.4	- 8.4	+ 6.8	+ 0.7	6,971
J. P. Stevens	+ 1.8	+ 83.7	- 7.5	+22.7	10,935
Tappan Co.	+15.0	+ 95.9	+17.8	+60.0	2,355
Westinghouse	- 3.9	+ 9.4	- 5.7	+ 2.9	74,772

Data: Business Week

Taken as a whole, corporate profits in 1958 were nothing to cheer about. But the executives and shareholders of most companies can feel that they could easily have been a lot worse.

Not too long ago, it looked as if 1958 would be really rough on both sales and earnings. Now that the worst is over, the pinch turns out to be much less than was generally expected. What's more, the outlook is for a really big jump in sales and profits through the rest of this year.

It is clear that the fourth-quarter returns made all the difference. As they came rolling in this week, they showed that many companies were able to get out of the red mainly as a result of the sales they made in the last three months. And the strong fourth-quarter picture seems likely to improve.

Take Ford Motor Co. It showed a \$16.2-million loss for the first nine months of 1958. Then, in the fourth quarter it had sales of \$1.4-billion and profits of \$119-million. So Ford ended the year \$95.7-million in the black, far below the \$282.8-million it chalked up in 1957, but still well out of the red.

• **Big Winners**—Only a minority of the companies reporting so far have done better in 1958 than in 1957, and even they were boosted by strong fourth-quarter results. Thus Tappan Co. had a 17.8% increase in sales and a 60% increase in earnings during 1958, but in the fourth quarter alone, sales were up 15% and earnings soared by 95.9%. Johns-Manville, whose 1958 earnings were a healthy 23% above 1957, registered a 100% increase during the fourth quarter.

The more typical pattern, for the full year, shows declines in both sales and net earnings. By and large, utilities and non-durable manufacturers did considerably better than durable manufacturers and railroads. But even those companies that operated well below capacity and saw their sales slump badly managed to show profits.

• **Cost Controls**—This is particularly evident in the steel industry. Every steel outfit operated in the black in 1958, although most of them suffered big dips in sales. Economizing and stringent cost control enabled them to continue running at a profit.

There's no doubt, though, that profits were down. Without the fourth-quarter pickup, even economizing could not have prevented sizable losses. But while fourth-quarter sales were only barely above 1957, fourth-quarter earnings were, in many cases, nothing short of spectacular.

For example, Armco Steel's fourth-quarter earnings were 102% over the

1957 period even though its sales stayed even. Budd Co. showed a 6% drop in sales, but a 100% rise in net. Republic Steel increased its earnings by 90% although sales went up only by 5%.

• **More Cash**—The fourth-quarter results rather than 1958 as a whole support the view that 1959 will be a year of profitable prosperity (BW—Jan. 3, '59, p19). Bigger returns will mean a bigger tax take, but they also mean larger cash holdings for most companies.

Now they're piling up cash which is not being spent either for inventories or new plants. This means less corporate borrowing over the short run, but sooner or later, it is pretty clear that business will be in an expansionary mood again.

Corporate profits actually started declining in the last quarter of 1957, so that the 1958 results compare more favorably with last year's figures than with 1956 or 1955. But the momentum in the rising profits now being recorded should carry through for some time. Certainly, the present first quarter will be well above last year's, and may even exceed the record showing of 1956.

• **How Much Momentum?**—The real question is just how much momentum there is. It will take a big boost in sales to insure growing profits.

Actually, the improvement in the fourth quarter is the basis of the Administration's estimate for 1959 profits. If the results reported show the kind of improvement expected, then 1959 may be a record year for sales and earnings.

The Segregation Dike Is Broken

Virginia's example is likely to spread. But pupil assignment laws will probably hold integration to token numbers.

The integration of seven Virginia public schools this week is a turn in the road for the whole South.

Virginia, traditional leader of Southern opinion, had formulated the idea of "massive resistance" to the Supreme Court's decision that the U.S. Constitution forbids the states to maintain racial segregation in the public schools.

Now, the presence of 21 Negro students with almost 11,000 whites in seven junior and senior high schools at Norfolk and Arlington marks the collapse of Virginia's massive resistance, and the final acquiescence of its political leaders in the reality of at least token integration.

• **More to Come**—Sooner or later, the Virginia pattern seems certain to repeat itself elsewhere. State leaders will either yield to federal court orders for some integration—or abandon public schools. Virginia, with reluctance and some doubts, chose to keep its schools.

Here's the situation today throughout the South:

• **Six states**—Alabama, Florida, Georgia, Louisiana, Mississippi, and South Carolina—have no integrated schools at all.

• **In 11 and in Washington, D. C.**, the extent of integration ranges from

barely any in Virginia to virtually complete integration in Washington and in Missouri.

Court cases challenging segregation are not far along in some areas; in others a showdown is certain by next fall.

In Arkansas, a special three-judge federal court is preparing to hear arguments on the constitutionality of the state laws used by Gov. Orval Faubus to close the Little Rock high schools. This week, another federal court refused to allow the Little Rock school board to reopen the high schools on a segregated basis.

In Georgia, a federal court suit to desegregate the Atlanta public schools is pending. City officials seem ready to yield, but state officials—armed with new laws—threaten to close not only any white school that attempts to comply but also the school from which a Negro seeks to transfer.

In Alabama, new steps to prevent integration are being considered. Officials feel the pupil assignment law is inadequate.

Pupil assignment or pupil placement laws could be widely used in the South—but only where some integration is acceptable. They give school officials broad criteria for judging whether a pupil is qualified for transfer. But the U.S. Supreme Court, in upholding the constitutionality of Alabama's law as a whole, did not support its use to discriminate against Negroes.

U.S. Atty. Gen. William P. Rogers says the assignment plan can be the beginning of "good faith" compliance. It offers flexibility in dealing with local problems and a chance to control the rate of admissions. In many areas, full integration could probably be delayed for years under an assignment plan.

• **Picked by Judges**—Actually, much of what integration there is in the South results from school board assignment rulings, as modified by federal judges. In Norfolk, the 17 Negroes now attending mixed schools were selected by Judge Walter E. Hoffman, after the school board rejected all 154 Negro applicants.

Virginia's Gov. Almond, admitting that no pupil assignment law will prevent all integration, asked his hastily summoned legislature for only two new laws to soften the impact of integration. He got both. One authorizes grants up to \$250 a year by the state to parents who wish to send their children to private, nonsectarian schools. The other repeals the state's compulsory school attendance law.



Over a Week of Not Sleeping on the Job

Peter Tripp, New York disk jockey, made medical history by staying awake, on public view in Times Square, for slightly more than 200 consecutive hours—nearly 8½ days in which he did his daily radio show. It was the longest period of wakefulness under close medical observation. A team of doctors from

New York Hospital, Walter Reed Army Hospital, and the University of Oklahoma monitored Tripp's self-imposed insomnia to aid the study of mental health, "brainwashing," and space travel problems. Tentative conclusion: No obvious physical damage to Tripp, but tests are still being run.

Policy



ATLAS intercontinental ballistic missiles in final assembly jigs are lined up at Convair (Astronautics) Div. of General Dynamics Corp. plant near San Diego. The Atlas, first operational ICBM, is of radical welded stainless steel construction. The floor area below the missile bodies is covered with parts bins and test equipment.

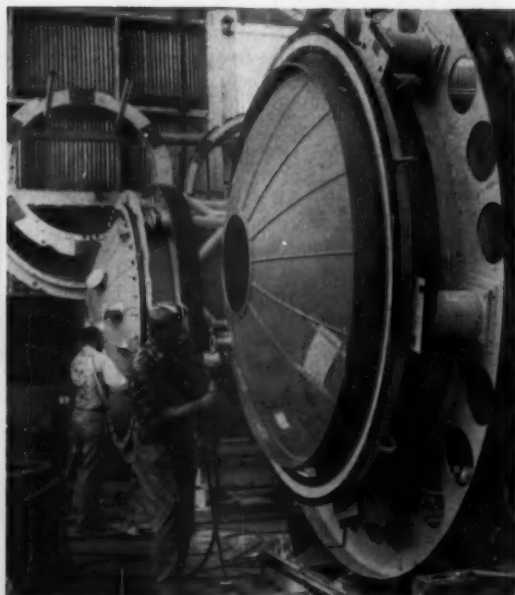
The Pentagon last week gave one graphic answer to the growing concern over our missile production ability compared with that of Russia. The Defense Dept. for the first time allowed the press a close-up of the production lines of long-range ballistic missiles (pictures).

The news reports may help to reassure the public, but in Washington, the perennial wrangle over the state of U.S. defense preparedness is more intense than in any year since the start of the Eisenhower Administration.

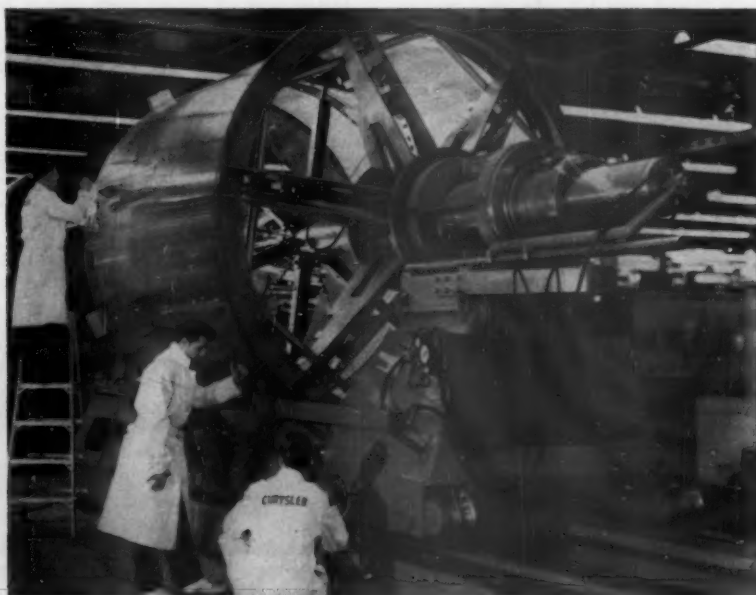
The scrimmaging is under way at Capitol Hill where three major Congressional investigations of the missile and space programs were begun in the past week. The probes are being made against the background of serious Democratic charges that (1) Russia is outstripping the U.S. in missile production and space exploration, and (2) the new defense budget sent to Congress last month is inadequate to overcome the Russian lead.

So far, the investigations have produced:

Defense Secy. McElroy's admission that U.S. defense plans are based on the assumption that Russia will produce more ICBMs in the next few years than we will. It is not "our intent or policy



BULKHEADS divide Thor's fuselage into two tanks, one for liquid oxygen, one for fuel. Large ring at right is a rotating jig to hold the missile shell during assembly.



ASSEMBLY JIGS for Jupiter hold half round sections of aluminum, which are welded together. Then cylindrical sections are butt-welded into long tubes that form the missile body and fuel tanks. Jupiters are made in the government-owned Michigan Ordnance Missile Plant near Detroit, operated by Chrysler Corp.

THOR engines (foreground) are joined to missile fuselage at Douglas Aircraft's Santa Monica plant. The light-colored metal sections behind the flexible fuel hoses are combustion chambers, the flaring darker sections the nozzles. Smaller nozzles that look like stovepipes control final direction of the IRBM.

Clash Loosens Wraps on Missiles

to match (Russia) missile for missile," he told a joint Senate preparedness subcommittee-Senate space committee hearing, under stiff questioning from Sen. Stuart Symington (D-Mo.). Several days later, he told the House Armed Services Committee that the U.S. arsenal of operational ICBMs would be roughly as big as Russia's "by December."

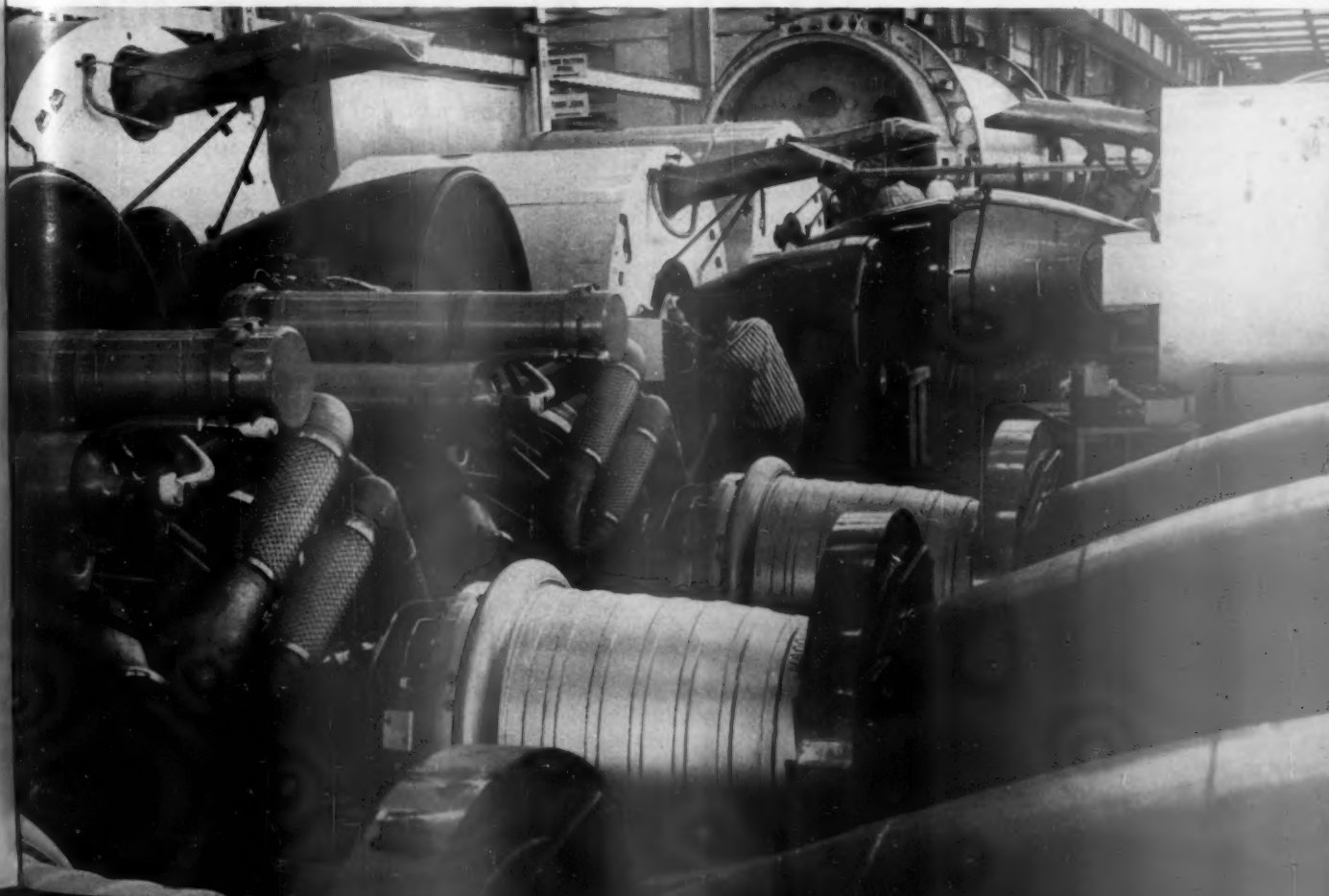
McElroy's argument that the U.S. can afford such a plan because we will maintain a superior and "diversified" arsenal of nuclear striking power to deter Russian aggression. He argued that U.S. forces of heavy and medium bombers, overseas-based IRBMs, missile-armed submarines, carrier-borne bombers, and tactical missiles and bombers sited close to Soviet borders will more than offset Russia's larger ICBM force.

Maj. Gen. Bernard A. Schriever's claim that ICBM production rates should be boosted and that capacity is already in place to handle heavier production schedules. Schriever, who bosses the Air Force's ballistic missile development program, called for "serious consideration within the next few months to accelerate" ICBM output.

Charges from military and civilian space officials that budget restrictions



JUPITER engines at Chrysler's Detroit plant move into position on assembly line where they are attached to missile's booster section. The corrugated skin of the Jupiter section at right gives the sheet metal section greater rigidity without internal bracing that would add weight to the intermediate range ballistic missile.



will delay their projects, and that the U.S. lags 18 months behind Russia in development of rocket engines.

• **Retaliation Question**—Symington says that a "conservative" intelligence estimate shows that within two years Russia will have at least four times as many operational ICBMs as we will. He argues that this will be almost enough to wipe out missile and bomber bases in this country in one surprise attack, and that U.S. overseas installations are vulnerable to Russia's arsenal of shorter-range operational IRBMs.

Symington's fear is that the Strategic Air Command's deterrent striking force would be unable to retaliate in the event Russia were successful with a surprise attack against all of SAC's wide-ranging bases. He contends that the strength of SAC—and other forces capable of delivering nuclear power—must be bolstered even more. He wants more bombers, ICBMs, Polaris subs, and other nuclear weapon systems.

• **Shift in Strategy**—Behind the charge and countercharge on U.S. military might and the dreadful theorizing, U.S. defense strategy seems to be shifting. The shift is keyed to the decision not to try to outproduce Russia in missiles just as we have decided against trying to match Russia in numbers of men and more conventional armament.

Up to now, it has been believed that secret U.S. war plans are geared to an assumption that U.S. retaliatory power would be unleashed only after an enemy air blow on the U.S.

Such a belief is no longer warranted. In a little-noticed but major policy address before the Yale Law School Alumni Assn. in New York last week, Malcolm A. MacIntyre, Under Secretary of the Air Force, said it can no longer be accepted that "our deterrent can rest solely on the possession of forces which, after initial attack upon us, could survive to assure retaliation by general devastation." MacIntyre stressed that we do not "have to accept a major nuclear attack on the continental U.S. before we can act."

• **Target Primacy**—This theory presumably reflects Washington's confidence that Soviet war-making capacities can be destroyed in one massive raid by U.S. striking forces. This apparent shift in strategic policy clashes with another modification in Pentagon policy that some defense experts have noted: a trend toward establishment of Russian centers of population as prime targets for a U.S. attack.

The issue of target primacy, however, has not been fully resolved.

But striking force geared primarily toward destruction of centers of population instead of dispersed military bases, of course, would be an easier one to build up and maintain under economy-imposed budget restrictions.

The 1959 Cars: How Output Compares

These 1959 models ...	have been in production this long:	with this total output	At same point in 1958 model year, production was:
GENERAL MOTORS			
Chevrolet	20 weeks	523,995	644,496
Pontiac	22 weeks	122,288	146,609
Oldsmobile	22 weeks	148,356	182,591
Buick	24 weeks	159,887	185,299
Cadillac	21 weeks	52,560	61,645
FORD MOTOR CO.			
Ford	20 weeks	521,599	550,092
Edsel	19 weeks	23,960	56,307
Mercury	16 weeks	60,979	56,215
Lincoln	17 weeks	11,608	16,049
CHRYSLER CORP.			
Plymouth	22 weeks	139,818	197,064
Dodge	23 weeks	58,714	87,412
De Soto	23 weeks	17,961	35,386
Chrysler	23 weeks	19,731	35,089
Imperial	23 weeks	6,940	10,843
AMERICAN MOTORS			
Rambler	23 weeks	140,503	60,365
STUDEBAKER-PACKARD			
	18 weeks	49,719	28,229*

*Includes 877 Packards.

©BUSINESS WEEK

Dealers Are Still Hopeful

They see sales this year on the 1957 level, which was good. Biggest question: How much of their sales will be imported cars? That market is growing, dealers say.

Votes are starting to come in on the one big part of the economy that has been baffling the forecasters of 1959 business—auto sales. And the voting says it will be a good year.

The spotty production pace of the 1959 models (table) has kept everyone guessing. Because of labor disputes, many factories—for the first time in years—went into January without ever having been able to give their dealers enough inventory to take advantage of the interest generated at introduction time last fall.

There has been such a shortage in many lines, particularly Chrysler's, that the high December (about 490,000) and early January deliveries don't necessarily mean anything. Many of them went to fill orders that had been on the books for weeks.

• **No Qualms**—This didn't appear to depress the thousands of new car dealers who gathered in Chicago this week for the convention of the National Automobile Dealers Assn. They seemed to have no qualms about the year ahead.

"About like 1957" or "Lord, much better" were typical responses to the question: "How do 1959 sales look?"

• **What It Means**—This optimism among the subnormal number of dealers attending the convention doesn't necessarily mean that Detroit will be the same market for labor and for steel, rubber, glass, and textiles that it was in 1957.

In 1957, dealers sold a shade under 6-million new cars, and only about 200,000 of these were imported. In 1959, the manufacturers and the dealers agree, new car sales could come close to the over-all figure, yet American-built cars could drop a few hundred thousand.

Auto company sales managers, shaking hands at the convention, said U.S. cars have been selling at a 5.5-million annual rate (considering seasonal factors) since they were introduced in the fall. Dealers were talking of 400,000 or 500,000 foreign car sales.

• **The Imports**—When dealers speak of doing business at a 1957 level, they mean total sales. For many of them,

this includes an increasing mix of foreign car sales.

Two years ago, not many domestic car dealers also handled foreign makes. This year, badges on many dealers' lapels bear the names of four or five car brands, including two or three cars that are made abroad. An estimate often heard at the convention is that 15,000 U.S. dealers sell imported cars, out of 39,000 franchised dealers in all. Many foreign car dealers also sell domestic makes, and vice versa.

However, there are enough big dealers who don't handle foreign cars—especially Chevrolet and Ford agencies in metropolitan areas—to give Detroit hope that these, by doing business at a 1957 level, can lift domestic car sales. Detroit could then hope to produce close to 6-million cars.

• **January Chills**—Dealers had explanations for the slowdown in January's new car deliveries (though the second 10 days of the month were better than the first). They blamed it on (1) the weather and (2) the filling of pent-up demand.

The weather is always a handy excuse when sales slump in January or February, but a Buick dealer from Springfield, Ill., made it sound convincing: "A downtown dry goods store—children's clothes—did only \$8 one day. Know what its normal daily volume is? \$1,200. Some homes were without light and heat for five days. Who cared about automobiles at a time like that?"

A Chevrolet dealer from a suburb of Kansas City explains the other factor: "The first part of January was bad. There were no more people coming in to pick up their cars. After four or five days I realized we had caught up with all the easy customers, so we went out and sold. Sales are back up there now."

• **No Gripes**—In contrast to NADA conventions of recent years, the dealers didn't seem mad at anyone. One reason is the price tags of new cars (BW—Dec. 20'58,p24), which have stabilized the business and encouraged dealers to expect a higher profit per car this year than in the past. All dealers in the same make start trading at the same figures, and there is little shilly-shallying with over-allowances on the cars to be traded in.

As in many other businesses, last year was so dismal that most dealers worked hard to cut costs. So they're selling now from a posted price against bare-bones costs.

Dealers meet some resistance to the high prices that the customer can see for the first time in a form he can believe. But the major result, according to Dean Chaffin, NADA's retiring president, has been to improve the demand for late-model used cars and for sales of

new sixes and other less expensive models.

• **But a Warning**—Dealers offered Detroit a warning, however, about the small cars that all three major makers plan to bring out for the 1960 market (BW—Jan.17'59,p29).

Dealers who have experience with selling imported cars assume, from what they have read and what they know about the business, that Detroit's "economy" cars will be priced at \$2,000 or more, whereas the most popular imports are priced from \$1,900 on down. They also fear that Detroit's cars couldn't possibly have the quality of the foreign makes.

Says Paul R. Lauritzen, a NADA director who sells Fiats in Richmond, Va.: "If the U. S. manufacturers don't build small cars better than they build big ones, they aren't going to sell many."

• **Less Fringe Profit**—Lauritzen and James C. Downing, an Atlanta foreign car dealer, spoke at the first session on the imported car business that a NADA convention has ever staged. They warned that, because of their high quality, foreign cars yield less profit on repairs and parts; dealers must make their money on the sale of the car.

They added that less than 40% of

imported cars are financed through the dealer, cutting down the agency's commission from financing and insurance.

On the other hand, there's little discounting of foreign car prices, and resale value remains high.

Lauritzen and Downing warned of the dealer's lack of protection in the form of written franchises in the foreign car field. "The distributor or importer can put the dealer out of business for virtually no reason at all," said Downing, "and there is very little the dealer can do about it."

Dealers in imported cars also complain about the almost complete absence of factory advertising to help their sales campaign.

• **Changing Market**—NADA's director of research, Paul E. Herzog, finds from a survey of imported car buyers that foreign makes are getting "more and more" volume in the medium-price range.

Another trend noted by many dealers at the Chicago meeting is the rise of the automobile "supermarket" in which U. S. and foreign cars together offer a range of styles and prices to tempt any customer. The lapel badges in which brand names filled up two or three lines of type were a powerful bit of testimony in this direction.

Texas Antitrusters Frustrate Sinclair

Plans to buy a Texas crude oil company were stopped by the state's Attorney General—not the Justice Dept.

When the trustbusters intervened last week to stymie a sizable merger in the oil industry, the event in itself was scarcely surprising in an age of heightened sensitivity to monopoly. But the source of the action was startling—not the Justice Dept., but the Attorney General of the sovereign state of Texas.

A court order obtained by Texas antitrusters nipped a proposal under which Sinclair Oil Corp., third biggest in sales of the domestic integrated oil companies, would have bought all the assets of Texas Pacific Coal & Oil Co., a crude oil explorer and producer. The move caused a board-room flurry of wondering whether other states might soon be following Texas' example and beating Washington to the draw in antitrust action.

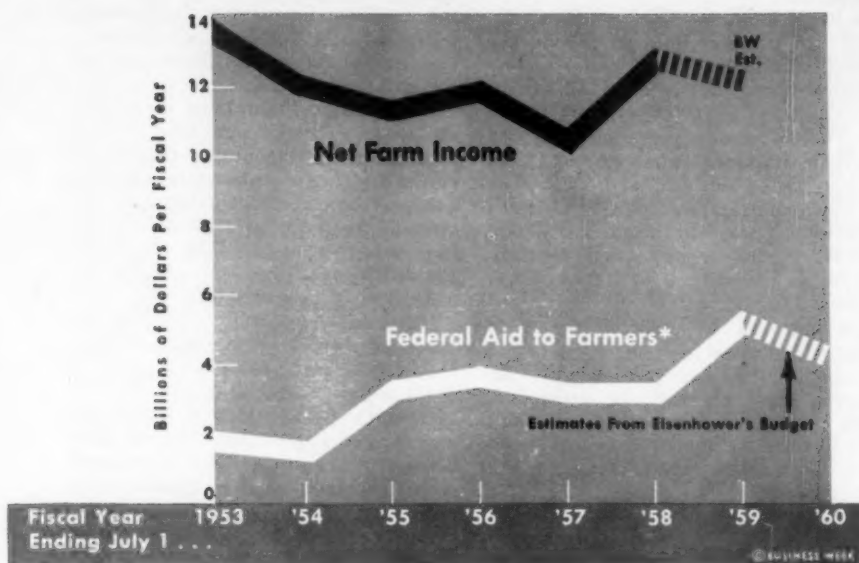
• **The Bargain**—Sinclair already held almost 30% of the stock in Texas Pacific, which owns extensive undeveloped petroleum reserves. It offered to buy the rest at a rate of one Sinclair share for each 1.55 shares of Texas Pacific. For the purposes of the Texas Pacific stockholder election on the offer, Sinclair had arranged to turn over the voting rights of its holdings to three distinguished Texans—former

Gov. Allan Shivers, retired Gulf Oil executive Ben C. Belt, and L. R. Bryan, a Houston banker who has since died—in order, the company said, to obtain their "independent judgment."

But before any votes could be cast, Texas Atty. Gen. Will Wilson won a restraining order on the ground that the merger would reduce competition and "encourage monopoly" in the oil business. Citing Texas Pacific as a healthy concern, he declared: "We do not feel that it should be swallowed up . . . simply because Sinclair needs more proven reserves of oil." His purpose, he added, was to "preserve the integrity of Texas Pacific" via the state's antitrust laws. Confronted with this barrier, Sinclair decided to let its offer expire.

Actually, Texans have a tradition of zeal in antitrust matters. Their state constitution, written in 1876, outlawed monopolies long before the federal government's Sherman Act. The law is applied mostly in local cases of alleged price conspiracy, but a big oil company is a target about once every 10 years. So far, there is no sign of comparable antitrust ardor elsewhere on the state level.

The Farm Dollar



*Direct benefit programs are CCC price supports, wool subsidy, sugar subsidy, soil bank agricultural conservation program, and surplus disposal.

Trouble on Farm Aid

One of the early New Deal economic precepts held that the way to achieve prosperity down on the farm was to combine a system of production controls with fixed price supports. That basic precept has survived for nearly three decades—with only minor tinkering by a succession of Congresses.

Now, the whole idea of production control-price support is in deep trouble. It will cost the taxpayers \$5.4-billion this year. Both its persistent critics and its past defenders agree that an entirely new approach is required, but they are far from agreement on what the approach should be.

This week, the battle lines began to be drawn. On one side there stands Agriculture Secy. Ezra T. Benson.

On the other side is an unfriendly Democratic Congress, part of whose new and hostile strength derives from the fertile Midwest, where Benson's ideas for solving the farm problem are generally held to be political suicide.

• **Parity vs. Market**—There is no guarantee that any major over-all farm legislation will get through the 86th Congress. But the Administration, in Pres. Eisenhower's special farm message to Congress last week, has gone on the offensive.

Essentially, Eisenhower and Benson are asking Congress this year to repeal provisions built into existing law which provide an incentive for surplus production of wheat, peanuts, and tobacco, three of the so-called basic crops.

Preferably, they would abandon parity as the reference point for deter-

mining price supports. Instead, they propose to base federal price guarantees on a fluctuating percentage of average market prices in the past three years. (Under the parity concept, federal supports are pegged at a pre-determined and relatively high percentage—75% to 90% on most affected crops—of prices in bygone years when there was a favorable balance between farmers' produce and things they had to buy.)

An alternative, less desirable from the Administration's viewpoint, would keep parity as a reference point but would allow Benson to lower drastically the price supports for wheat, peanuts, and tobacco.

The theory, under either approach, is to force production into adjustment with current market demand. Under existing law, prices fixed artificially high have encouraged overproduction. In effect, the farmer has had a choice of selling in the marketplace for consumption, or to the government for storage.

• **High Cost**—By next July 1, government will have \$9.1-billion invested in surplus farm commodities. Of the total, \$7.5-billion is in the basic commodities for which federal price support is mandatory—wheat, corn, cotton, rice, peanuts, and tobacco.

Payments for storage, interest charges, and other costs are rapidly approaching \$1-billion a year.

• **No. 1 Problem**—Wheat presents the year's biggest challenge. By July, the government will hold an estimated 1.5-billion bu., representing an investment of \$3.5-billion.

Wheat is supported now at 75% of parity, or \$1.82 per bu. The problem, as the Administration sees it, is that wheat can be—and is being—grown practically everywhere in the U.S. profitably at \$1.82.

The Administration program, if by some legislative miracle it should pass this year, would go into effect on the crop harvested in 1960. Tied to average market prices of the last three years, the wheat support price in 1960 would be \$1.72 or lower.

In theory, the price would drop each year thereafter until some semblance of balance between production and real market demand was achieved. Also, the theory goes, production would eventually be limited primarily to the Great Plains wheat belt, the only important section where the grain can be grown profitably at normal prices.

For tobacco and peanuts, the problem is less severe. But U.S. tobacco, last of the crops for which inflexible 90% support is mandatory, is losing out to South Africa in the world market, and apparently is heading for a smaller crisis not unlike wheat's. And Benson argues, about peanuts, that supports have been so high that growers would rather sell to government than hunt for new markets.

• **Short Circuit**—Benson's critics accuse him of being fascinated with lowering prices while neglecting strict acreage control. Indeed, Benson admits that he does not like controls, wants to put the farmer on his own.

The curve of cost for stabilizing farm income and prices has risen steadily during Benson's tenure as Secretary—a total of \$25.5-billion for seven years through fiscal 1960.

The figures are not disputable, but the causes are. Benson argues that farmers have learned to grow so much on fewer cultivated acres that planting controls would have to be so restrictive as to be impossible to enforce.

A group of Democratic senators from farm states, encouraged by Majority Leader Lyndon B. Johnson, is trying to put together a bill intended to short-circuit the Administration proposals.

Under this bill, the government would estimate the domestic markets and allot each farmer a share, based on his production record in past years. If the domestic market failed to live up to expectations, federal subsidy would make up a percentage of the difference—varying between crops—between expectation and the actual realization.

There's little chance that this will produce anything more than a 1960 campaign issue. Among congressmen there's widespread distrust of the concept of direct federal subsidy, for any purpose. Besides, Eisenhower almost assuredly would veto anything even faintly resembling such a bill.

Antitrusters Start Firing at GM

● General Motors, biggest U. S. manufacturing business, now is a direct target of the Justice Dept. trustbusters.

● A federal grand jury has begun a broad probe of GM for a possible criminal indictment under the Sherman Act.

● More important, the grand jury's powers can give antitrusters access to GM documents that might furnish backing for civil action—leading perhaps even to breakup of the giant.

A federal grand jury in New York has launched a sweeping investigation of giant General Motors Corp. The result could be antitrust action perhaps leading to breakup of the nation's biggest manufacturer.

Justice Dept. antitrusters are asking the recently convened grand jurors to look into a wide range of GM activities—including, besides autos, its appliance, highway construction equipment, and diesel engine divisions. The object apparently is not to seek one or two minor criminal indictments for annoyance's sake but instead to attack GM for being GM and dominating so many of the fields in which it operates—half the auto business, for example, and almost all of the market for buses, on which a case has already been filed.

The Administration's trustbusters will be pressing hard to establish the principle that bigness by itself can be illegal. They won an important victory in this area with the court decision barring the merger of Bethlehem Steel and Youngstown Sheet & Tube (BW—Nov. 29'58, p25). Now they want to apply similar reasoning to an existing business.

● **Out of the Blue**—The launching of the grand jury investigation of GM took both the company itself and the industry by surprise. At midweek, lacking any official notification of Justice Dept. action, GM executives declined to comment. However, for years there has been talk, varying in intensity, that the government might move on GM, and speculation revived only a few days ago when George Romney, president of American Motors, again urged that his biggest competitor be split up. The news of the jury probe was just as startling to him, though; he said his first word came from a newsman seeking comment.

The surprise was that the Justice Dept. chose a grand jury probe, which could culminate in a criminal proceeding, rather than filing a civil suit, the more usual course in antitrust cases. The reason: A grand jury, with its broad powers of subpoena, can gain access to a vast body of GM's records. In a civil

case, many of these documents would ordinarily be safe from the curious eyes of the prosecuting trustbusters. The information will supplement the evidence Justice has already painstakingly collected on its own.

In Washington, observers close to the antitrust scene were saying it probably wouldn't matter greatly to Justice if a criminal indictment failed to emerge from the grand jury room—though the antitrusters are confident of obtaining at least one. The rich lode of GM data tapped by the probers would enable the department to go into court much better prepared for a civil case asking breakup of GM or other relief.

● **On the Stand**—At the same time as the grand jury study was coming to light, Asst. Atty. Gen. Victor Hansen, who heads Justice's Antitrust Div., was telling the Congressional Joint Economic Committee he thinks there is "undue concentration" in the auto and steel industries. Pushed by Sen. Joseph C. O'Mahoney (D-Wyo.) to report what the department is doing about it, Hansen replied that an answer would be premature. But he left it clear that an investigation was in progress. He later issued a statement that "no legal action is now in preparation for filing." This denial would cover rumors of an immediate civil suit but would not apply to the grand jury inquiry.

In another exchange between the two, Hansen agreed "in principle" with O'Mahoney's idea that it should be illegal for an automaker to finance his own products. The senator has authorized a bill to ban such practices. This would hit directly at GM, which wholly owns General Motors Acceptance Corp., the biggest outfit in the business of financing auto sales, and Ford Motor Co., which has decided to go into financing, too (BW—Jan. 31'59, p136).

● **On the Podium**—Additional insight into the philosophy behind Justice's latest moves came from a speech Hansen made in New York last week—and repeated in part on Capitol Hill Wed-

nesday. He differentiated between two types of antitrust action:

• Action under the Sherman Act to break up existing cases of concentration.

• Action under Sec. 7 of the Clayton Act, to block mergers such as that of Bethlehem and Youngstown and "in newly merging industries . . . to prevent—or at least minimize—the sort of undue concentration that today characterizes certain industries," specifically autos and steel.

• **Legal Backing**—The Sherman Act, under which any action against GM would likely be taken, was passed in the year 1890 in a fervor of reaction against the trusts that were absorbing entire industries. The theory behind it is that it's in the public interest to preserve free access to any line of business. In the eyes of the law, it doesn't necessarily matter whether a company uses fair means or foul to achieve dominance in its line of business. If the result of that dominance is effectively to deny free access to the field, then the company is open to antitrust prosecution.

In 1954, in the midst of some warm words over whether the keen rivalry between Ford and GM drove other producers out of the business, this philosophy was expressed anew by Herbert Brownell, then Attorney General: "Where it appears . . . that there may be danger of serious shrinkage in the number of competitors engaged in a basic industry," he said, "the department believes that the causes are worth examination."

Similar thinking was behind the government's case against Aluminum Co. of America, finally settled in 1954. The Courts found that before World War II Alcoa, in effect, had the power to keep others out of the aluminum business simply because its position enabled it to reduce prices and otherwise go along with the customer in ways that a weaker rival couldn't match.

• **How to Split**—If the legal proceedings should eventually force GM to break itself apart, how would it do so? About a year ago, GM reportedly had a plan for dividing its auto business if it came to that. According to this scheme—which might or might not be followed—separate companies would be formed of both Chevrolet, the biggest seller, and Buick, which has the broadest product line. The Olds, Pontiac, and Cadillac Divs. would remain as GM.

The shock of dismemberment might be eased by the fact that all GM divisions already operate as independently as possible. Suppliers compete with one another for business both inside and outside the family, and, of course, the auto divisions vie hotly with each other.

In Business

• • •

Bankers Trust Seeks New Partner As Manufacturers Merger Talks Fail

Bankers Trust Co. and Manufacturers Trust Co. this week broke off merger talks that would have created the fourth largest U.S. bank (BW-Jan.31'59,p142). Bankers Trust, disappointed, continued to scout for new partners.

Observers say that everything went wrong with the Bankers-Manufacturers talks—the squaring of management titles, duplication of facilities, and price. Some add that the talks were announced only because “insider” buying of both stocks had forced premature disclosure.

Despite this setback, the New York trend to mergers is expected to continue, though perhaps with less enthusiasm or more secretiveness.

• • •

West Germany Eases Proposed Tariff But U.S. Coal Exporters Stay Mad

West Germany moved last week to still the anguished shrieks of U.S. coal exporters by easing the terms of its proposed tariff. Bonn boosted the proposed quota to 4.8-million tons from 3.5-million; imports above the quota would pay a \$4.76-a-ton tariff.

State Dept. pressure brought the higher quota, but it did not quiet the angry exporters, who continued to label the tariff as “stupid and prohibitive.” West Germany has been the largest overseas customer of the U.S. coal industry, importing more than 9-million tons of bituminous last year. U.S. producers say the West German tariff would probably cut the sales down to the bare quota, since tonnage above that would not be competitive in price.

Bonn's objective in proposing the tariff is to cut down on West Germany's own coal stocks, which last November were at a record 11-million tons, and which would undersell the tariff-boosted imports.

• • •

Massachusetts, New York Edge Nearer To Tax Withholding; Most Others Aloof

Massachusetts this week inched closer to withholding its income tax, and New York seemed on the brink of the same move. But these two wallows made no summer; of the 32 states with personal income taxes, only 12 have resorted to withholding for their own residents.

As a budget-balancing device (page 84), withholding offers the twin advantages of making it tough for evaders and of providing a possible windfall in the year when it is imposed. But in New York, Gov. Nelson Rockefeller has proposed to sweeten the pill by waiving the extra year's tax; in Massachusetts, the legislature was

forcing Gov. Furcolo to share the windfall with the cities.

Meanwhile, Michigan corporations are coming to the rescue of the state, which is having trouble finding the cash to pay its bills. General Motors came through with a \$13-million check, the largest of a batch of advance payments on various business taxes.

• • •

White Sewing Machine Hits Back Hard At Singer's Patent Complaint on Imports

Singer Manufacturing Co. has stirred up a hornet's nest with its request that the Tariff Commission investigate imports of foreign sewing machines that, Singer claims, violate one of its patents.

Singer charges that 28 foreign manufacturers infringe its automatic zig-zag device. The complaint also names 21 U.S. importers, including White Sewing Machine Corp.

White this week reacted with a demand for an “immediate retraction.” White officials said they were in full sympathy with Singer's belief that any foreign machines that infringe on valid U.S. patents should not be permitted here. But White feels that the wording of the complaint covers all automatic machines. If Singer got such a broad patent coverage, it would have a clear monopoly in a growing area.

• • •

Business Briefs

Thirty industrial, engineering, and business companies in the Cleveland area have banded together to bid on defense contracts under the group name of **Cleveland Aero-Space Assn.** Cleveland Electric Illuminating Co.—ever active in promoting new business for its customers (BW-Dec.2'50p23)—has lent the group a full-time administrator to guide its early planning.

Pleas of “no contest” have been entered by 16 Ford dealers and 11 Oldsmobile dealers, indicted on charges of illegal price fixing. Ford Motor Co. and one dealer pleaded innocent and will stand trial. The others can be fined up to \$50,000 on each count; in December, 14 Chevrolet dealers and their trade association were fined a total of \$32,000 on similar charges (BW-Dec.13'58, p36).

The Federal Power Commission has turned down a proposal by which **Transcontinental Gas Pipe Line Corp.** would have carried natural gas to fuel a **Consolidated Edison** generating plant in New York City. The plan was aimed partly at reducing air pollution from coal; but FPC ruled this was overbalanced by excessive strain on Transco's capacity and by the possibility that gas prices would be forced up if other utilities followed Con Ed's plan of buying its gas directly from producers in the field.

The business of keeping people in jail seems to be prospering. Covington's **Stewart Iron Works Co.**—which specializes in setting up cell blocks—says its January order backlog is 15% larger than last year.



ON THIS principle of "mutuality," Ben Franklin in 1752 founded his famous Contributorship—the first successful fire insurance company in America.

On the same principle, American Mutual was organized in 1887 as the first American liability insurance company. And still today, the Company's policyholders across the nation enjoy the wonderful benefits of "mutuality": control of American Mutual and sharing of its profits through dividends . . . careful selection of new policyholders to keep losses to a minimum . . . outstanding engineering and claim service to help control losses and reduce their premiums.

The end result has been savings not only of millions

of dollars, but of untold numbers of lives as well. Good reason for the *friendly AM man* to pay tribute to Mr. Franklin and a good reason to have him pay a call on you! American Mutual, Dept. BW-2, Wakefield, Mass.

**American
Mutual** 

LIABILITY INSURANCE COMPANY

Your *friendly AM man* can advise
you on all your liability insurance needs

A leading writer of Workmen's Compensation, all forms of Liability, Crime, Accident and Health Insurance

Jockeying Starts on Labor Bills

● With rival reform bills in, and Congress in mood to act, both sides maneuver to carry other measures on tide.

● Aim is to include long-sought Taft-Hartley changes—pro-labor by Democrats, pro-employer by Administration.

● Democrats have Senate edge; Republicans' best hope is in Sen. McClellan and a compromise.

Some of the most artful maneuvering Congress has seen in a long time is under way as the session gets down to serious work on a new labor reform bill.

Rival leaders—Labor Secy. James P. Mitchell for the Administration and Sen. John F. Kennedy of Massachusetts for the Democrats—recognize the eagerness in Congress to act quickly on a new law aimed at corrupt and undemocratic practices in labor. Both see an opportunity to get Congress to pass other labor measures by linking them to reform bills.

Two weeks ago Sen. Kennedy introduced legislation providing for internal union reforms and requiring "disclosure of certain financial transactions and administrative practices of labor organizations and employers." But in the bill's Title VI, Kennedy also incorporated a number of amendments to the Taft-Hartley Act, most of them sought by unions.

Last week the Administration submitted its own reform proposals to Congress. A bill introduced by Sen. Barry Goldwater (R-Ariz.), based on the President's labor message (BW-Jan. 31 '59, p116), included proposals for a number of major T-H changes.

• **Favorable Moment**—Whenever Congress talks of labor legislation, interest automatically centers on the Taft-Hartley Act—still controversial and hardly changed after 11 years on the federal statute books. So, in a way, what Kennedy and the Administration are doing isn't really a new strategy. But, the conditions have never been so good for Taft-Hartley maneuvering.

For one thing, arguments can be advanced, validly, for Taft-Hartley changes in connection with reform legislation. There is considerable agreement that loopholes in the federal labor law make possible corrupt practices in some unions. But there is much less meeting of minds on what the loopholes—and should be plugged.

Sen. Kennedy's labor subcommittee has been conducting hearings for two weeks on the Democrats' bill, sponsored jointly by Kennedy and a group of his

colleagues in the Senate. This week, the subcommittee called on Secy. Mitchell to outline the Administration's views on labor reform legislation—generally stricter than those of the Democrats—and to present his complaint that the Kennedy bill is "inadequate" as an answer to the problem of coping, by law, with labor abuses.

• **Key Points**—Mitchell and Kennedy seem to agree on two points that are the keys to their anxiety over the approach to be made to labor reforms:

• Revelations of union corruption and the domination of a few labor organizations by unscrupulous leaders have stirred Congress to almost certain action this session.

• Once a labor reform bill is passed, Congress isn't likely to do anything further in the way of major labor law-making this year. Since 1960 will be a national election year, this could mean no further legislation in the labor field until 1961.

Kennedy has promised to introduce a bill this spring to deal with "the heated and complex issues raised by the entire Taft-Hartley Act" (BW-Jan. 24 '59, p84). But few in Congress expect that a bill to revise the act will reach the floor this year—or pass if it does.

Aware of this, both Kennedy and Mitchell hope to promote their labor programs somewhat by indirection. They believe—and Mitchell says it bluntly—that whatever is put aside will not be acted on at all.

• **Opposing Sides**—Kennedy has incorporated in his program for immediate action some Taft-Hartley changes long sought by labor—the elimination of the ban against economic strikers voting in representation elections, for one thing; sanction of pre-hiring labor contracts in the construction industry; narrowing of the definition of a "supervisor" to bring more workers under the act—and into unions; and revised wording of the law to require the National Labor Relations Board to take jurisdiction in more cases.

Mitchell with the aid of Sen. Goldwater is plugging for something em-

ployers have wanted, in vain, for years, including curbs on secondary boycotts and "blackmail picketing," and provisions for allowing NLRB to cede small interstate cases to states.

Unions are siding with Kennedy and sharply criticize the Administration's proposals. Just as naturally, employers are solidly behind the Mitchell position—even though it isn't as advanced as management would like it to be.

• **Eyes on McClellan**—The heavily Democratic Senate probably will pass the Kennedy bill, although it may be modified through a floor fight. Sen. Goldwater said gloomily last week that the Republicans "just don't have votes enough." Their one hope is for Sen. John L. McClellan (D-Ark.), chairman of the investigating committee, to introduce a reform bill that the Republicans can support as a good compromise. To Goldwater, McClellan is "the Bob Taft of the Senate today," and its chamber's "messiah on labor legislation."

Last year, McClellan supported the Kennedy-Ives reform bill, similar in many respects to this year's Kennedy bill. Goldwater backed it, too. But, Goldwater said recently that he wouldn't support "such a weak bill" again, and he didn't think that McClellan would.

It's true that the Arkansas Democrat believes there should be further curbs on labor boycott and picketing activities. Earlier, he was working on a reform bill that, presumably, would go further than Kennedy's.

The Democratic leadership in the Senate, aware of the weight McClellan carries with Southern conservatives, urged him to hold back. He is now working on a legislative program that would include an initial bill limited to internal union reforms and reporting requirements, then one or a number of later bills that would deal with specific problems—boycott abuses, for instance—that would require Taft-Hartley changes.

• **Chances**—If McClellan does put in his own "pure" reform bill, chances are that neither Kennedy's proposals for Taft-Hartley changes nor the Administration's will find their way into labor reform legislation.

Meanwhile, McClellan this week won his fight against fellow Democrats who wanted his investigating committee membership weighted in favor of the Democratic Senate majority. McClellan said this would make his probing ineffective, got \$750,000 to continue another year on a bipartisan basis.



"When should a machine be replaced?"

**"The day that a new machine is available to you
(or your competitor!) which can pay for itself
out of increased profits."**

And that day has come for upward of \$10,000,000,000 worth of obsolete machines, according to the latest "Inventory of Metalworking Equipment" just completed by American Machinist magazine.

Typical of the case histories in our own rapidly growing file: The replacement of fourteen machines — none over five years of age and all in perfect working condition — by four machines which completely paid for themselves in less than one year and, *in addition*, earned a handsome profit.

What was the alternative to that replacement move? Loss of the business — and profits — to a competitor!

No other machine tool builder in the world can equal Jones & Lamson's 124 years of industry-wide experience in reducing costs and increasing profitability with the most advanced metal turning, grinding and inspection equipment.

**the man who needs
a new machine tool
is already paying for it**



JONES & LAMSON MACHINE COMPANY • SPRINGFIELD, VERMONT

Turret Lathes • Automatic Lathes • Tape Controlled Machines • Thread & Form Grinders • Optical Comparators • Thread Tools

In Labor

• • •

Striking Harbor Workers Tie Up

New York's Tugboat Fleet

Ocean liners docked in New York this week without the help of tugboats. A strike of 4,000 harbor workers kept the tugs tied up. The walkout resulted from a dispute during a wage reopening of the four-year agreement that ended a 36-day stoppage in 1957.

Members of the United Marine Div. of the National Maritime Union voted down a 21¢, two-year package offer from the Marine Towing & Transportation Employers Assn. The union wants a \$1 increase in hourly wages, which now range from \$1.95½ for a deck-hand to \$3.11½ for a captain of a seagoing tug.

The strike had tied up 400 tugs and barges at mid-week. It hit particularly hard at New York's oil supply.

• • •

Railroad Workers Will Demand

Pay Boosts in Fall Bargaining

Railroad employees will demand wage increases late this year, with the amount depending on economic conditions in the fall and the pay gains won by steel and other unions. A union spokesman in Chicago told a conference that wages aren't "high enough now—we've got to have more purchasing power."

Rail contracts covering a million workers expire Nov. 1. The three-year agreements negotiated in 1956 provided pay raises totaling about 26½¢ an hour.

Although the industry has recovered to 93% of its pre-recession business level, according to union figures, its employment is still 19% below the pre-recession total. The number of rail workers on the job in December dropped to 965,000, lowest level since 1939, and 123,000 below the December, 1957, total of 1,088,000.

The Railroad Retirement Board, which administers unemployment compensation in the industry, paid benefits to 152,000 jobless in December. It reported 11½% of the railroad work force unemployed.

• • •

CWA Wants Telephone Industry

To Adhere to Wisconsin Pattern

The Communications Workers of America will ask employers in the telephone industry to accept wage, vacation, and pension terms in a Wisconsin Telephone Co. settlement as a pattern for 1959 contracts covering 300,000 workers.

The Wisconsin agreement, reached last week, provides pay increases of \$1 to \$3 a week for operators, \$2 to \$5 for plant employees. CWA estimates that the raises average 8.1¢ an hour.

Employees with 30 years' service will get four-week paid vacations. The minimum pension for those who retire at age 65 is increased from \$100 to \$115 a month, and retirement pay will now be based on average earnings in an employee's five best years, not the average over 10 years as before.

• • •

Rubber Workers Set Stage for First Of 1959 Negotiations With Industry

The United Rubber Workers will open its 1959 contract negotiations early in March. First bargaining talks will be with the U.S. Rubber Co., whose companywide contract with URW expires Apr. 9. The union served 60-day notice on U.S. Rubber this week.

Others of the Big Four—Goodyear, Firestone, and B. F. Goodrich—have contracts that terminate Apr. 15.

Wages will not be an issue in the March negotiations. Discussions will be limited to pensions, insurance, supplemental unemployment compensation, and working conditions. As in the past, hourly pay will be brought up in later negotiations, probably in early summer. What the union will ask then will depend largely on what happens in the steel bargaining in May and June.

• • •

Ford to Appeal O.K. on Jobless Pay For Workers Idled by Strike Elsewhere

The Ford Motor Co. moved this week to upset a Michigan court decision that awarded unemployment compensation to Ford workers in Michigan who were idled by a strike at a company plant in Canton, Ohio. The award is worrying auto management; it gives the United Auto Workers a powerful new weapon in labor disputes (BW—Jan. 17 '59, p. 98).

Ford is expected to carry an appeal to the U.S. Supreme Court. It argues that the state court ruling violates the Michigan and U.S. constitutions. As a preliminary move, the company asked the Michigan Supreme Court for a rehearing.

• • •

Southern Textile Mills Boost Pay As Unions Map Drive for More Money

Textile management in the South took the initiative this week with wage increases put into effect while the Textile Workers Union of America prepared for a South-wide conference in Charlotte, N. C., on plans for a southern textile raise drive.

Cannon Mills Co., a major nonunion employer, raised its minimum hourly pay from \$1.16 to \$1.25, and gave employees in higher job classifications 10¢ increases. Other employers followed the Cannon lead.

TWUA announced that it welcomes the increases given, it said, as a result of a "two-month campaign, conducted by the union at 400 plants in the South."

Southern textile workers hadn't had an increase in pay since the fall of 1956.



NEW GLOBAL WEATHER SYSTEM TO USE JETS AND ROCKETS TO PROBE UPPER AIR

A flying weather-sensing system designed to probe the atmosphere on a global scale is under development for the Air Force by the Bendix Systems Division, Ann Arbor, Mich. The Boeing Airplane Company is the major sub-contractor.

The new system is man's most ambitious attempt to understand and forecast weather. It will be particularly valuable over arctic regions and oceans where weather surveillance is especially difficult.

The new airborne weather stations, consisting of four-engined Air Force jets, equipped with multiple radars, instrument packed rockets, atmospheric sensing equipment and electronic computers, will be in communication with ground stations that will process and relay weather data over a national network.

The jet planes will fly at altitudes up to 50,000 feet. They will make 4,800 mile flights and will measure cloud formations and look inside storms with radar sweeps extending 150 miles from the aircraft. At periodic intervals radiosondes, or instrument packed units that radio infor-

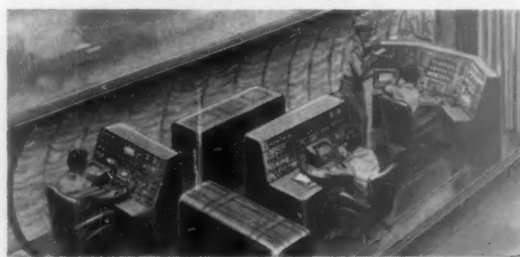
mation back to the aircraft, will be launched by rocket to probe the jet stream and other atmospheric phenomena at altitudes up to 150,000 feet. Radiosondes also will be dropped by parachute to "read" weather data closer to earth. They will measure air pressure, temperature, dew point, icing rate, wind speed and direction, index of refraction, ozone (a rare form of oxygen existing at high altitude), solar energy balance, and atmospheric electricity.

While weather and geophysical data are vital factors in the military use of air power and missiles, the new program is unique in having important peacetime applications. In addition to informing the Air Force it will also supply weather information to commercial airlines, the Weather Bureau, and to weather forecasting services serv-

ing industries and agriculture.

The development of this new weather system is another step in Bendix' long experience with weather sensing devices. The Bendix-Boeing development team includes the Bendix Research Laboratories, for new techniques; Bendix Pacific, for airborne radar; and Bendix Friez Instrument Division, the world's oldest and largest manufacturers of instruments for weather bureaus as well as for scientific and industrial users.

*TRADEMARK



Cutaway shows how observers in plane monitor and control the weather-sensing system with the aid of a special electronic computer.

A thousand products



a million ideas



**Before you O.K.
any plans for
metal buildings
... get the
latest facts!**

Compare *before* you invest. Get all the details on the most complete and flexible line of metal buildings available today—Parkersburg Metal Buildings. See how they offer the very features you *really* want—permanent construction, functional design, minimum maintenance and, above all, highest quality throughout.

Clear-span, precision-fabricated Parkersburg Metal Buildings are available in virtually any shape or size. They can be delivered quickly to your job site with all materials ready for immediate assembly. There's no field welding, no on-the-job fitting . . . for fastest, lowest cost erection.

Get all the facts before you approve any building plans. See your Parkersburg dealer today or write, call or wire for new Data Book BD-958.

PARKERSBURG METAL BUILDINGS

THE PARKERSBURG RIG AND REEL COMPANY
BUILDING DIVISION
PARKERSBURG, WEST VIRGINIA



WASHINGTON OUTLOOK

WASHINGTON
BUREAU
FEB. 7, 1959



Note how Washington will pry into what makes business tick.

The rash of upcoming studies recalls the interest stimulated in economies and business during the depression days of the 1930s, which culminated in the TNEC—Temporary National Economic Committee. Eisenhower himself will set up three big projects. Congress, under the Democrats, will have a host of studies, topped off by a full-dress economic study backed by Senate leader Johnson.

There's a strong flavor of partisan politics. But out of it all will come new ideas about wages, prices, mergers.

Look first at the White House projects:

Vice-Pres. Nixon will head one—the Cabinet committee on price stability for economic growth. Other members—Treasury Secy. Anderson, Postmaster General Summerfield, Agriculture Secy. Benson, Labor Secy. Mitchell, and Chmn. Saulnier of the Council of Economic Advisers.

Nixon will use it as a springboard for 1960. As chairman, he will select the staff, headed by a top-flight economist. This may well be the forum that the Vice-President will use to launch his 1960 White House bid.

On the surface, Nixon takes on Eisenhower's predilection for budget-balancing and dollar stability, but he still wants to be flexible if Eisenhower's position should become politically untenable.

Treasury Secy. Anderson, Eisenhower's closest Cabinet adviser, is in line to head another major project.

Watch for creation of the commission on national goals that Eisenhower promised in his State-of-the-Union message. The aim will be to drive some mileposts to guide the U. S. economy as it meets the needs of a rising population and a rising labor force. The commission will be made up of leaders from business, finance, labor, education.

Does Anderson have political ambitions? If he has, he never discusses them openly. But the converted Democrat has friends who would like to see him make a try for the GOP nomination in 1960.

The third Eisenhower project will be dominated by economic experts.

This is the Saulnier group. Its other members come from the second level of government, where there is less concern for politics and more concern for the grubby work of how to keep the economy moving ahead on an even keel. This group will appraise all government policies on the basis of how they influence inflation whether they put pressure under prices or tend to hold prices level. It will get into the field of government buying and business regulation.

On the Democratic side, Senate leader Johnson will push for broad economic studies including both inflation and economic growth.

Eisenhower policies will get rough handling. There will be a real effort to show that they play into the hands of "big business."

The Joint Economic Committee headed by Sen. Douglas of Illinois may not get the big assignment from Johnson, as first planned. The idea of a special committee is being discussed.

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
FEB. 7, 1959

Other Congressional committees will be busy—investigating just about every field of interest to business.

The Senate will spend \$3.5-million on investigations.

McClellan's Racketeering Committee will get \$750,000, the biggest single chunk of this money. Other studies important to business:

Antitrust, \$100,000 to the Banking Committee.

Postal rates, \$90,000 to the Post Office Committee.

Small business, \$100,000 for this project of Sen. Sparkman.

This is only a sampling. Out of it all will come new proposals for legislation designed to increase government regulation.

—•—

Legislative checklist for the businessman:

No general tax bill this year (see page 15). But a lot of specialty situations (page 50) you'll be hearing about. Some of them:

Oil depletion allowance. Its opponents are stronger, but not strong enough yet to cut it down from 27.5%.

Gasoline tax. Congress will say no to Eisenhower's plea for a 1¢-a-gallon rise to meet highway costs.

Life insurance companies. Congress will vote, and Eisenhower will sign a bill raising tax on insurance company income. Impact: Companies will pay \$540-million instead of \$315-million on 1958 incomes.

Social Security. Hearings will be held on tax deductions to let self-employed persons set up private retirement funds. The White House opposes this and probably can succeed in stopping it.

Postal rate. As of now, increases haven't a fighting chance.

Any antitrust legislation has to be classified doubtful.

Atty. Gen. Rogers won't get new subpoena powers. He wants to let civil antitrust investigators get hold of company records.

Bank mergers will be a hot issue. Congress likely will balk at putting banks under the same anti-merger laws as manufacturers.

Pre-merger notification may be a sleeper in this lot. There is broad support in the Administration and Congress for a law requiring big companies to give advance notice of merger to the antitrusters.

—•—

Rumors of new Soviet space gains are current. Whether they are true or not, they will add fuel to the Washington row over who's ahead.

Has Russia landed a satellite? Information from Germany is that she launched and recovered a vehicle during the Jan. 31-Feb. 1 weekend—a craft big enough to carry a man. Story is that it circled the earth three times, then came in for a landing at a predicted site.

Washington doesn't believe it. But it's reluctant to make flat denials that such a thing might have happened. There's a growing respect for the U.S.S.R.'s space achievements—for her lead over us.

Contents copyrighted under the general copyright on the Feb. 7, 1959, issue—Business Week, 330 W. 42nd St., New York, N. Y.

WHY TRANSISTORIZED SOUNDScriber Dictation IS YOUR BEST BUY!



4 flashlight batteries
make this today's most useful
dictating instrument.

Only one machine, the transistorized SoundScriber portable, fills all your dictating needs



IT'S PORTABLE. Weighs only 6 pounds—is battery powered, needs no carrying case. And plastic recording discs mail for only a 4¢ stamp.



IT'S A CONFERENCE RECORDER. Special transistor microphone faithfully picks up important interviews and conferences for permanent record.



IT'S A TRANSCRIBER. Just plug in comfortable listening device and easy-to-use foot pedal, and the portable becomes a secretary's machine.



IT'S AN OFFICE MACHINE. Gives big machine performance. And, it's ideal desk drawer dictation . . . gives you more usable desk top space.

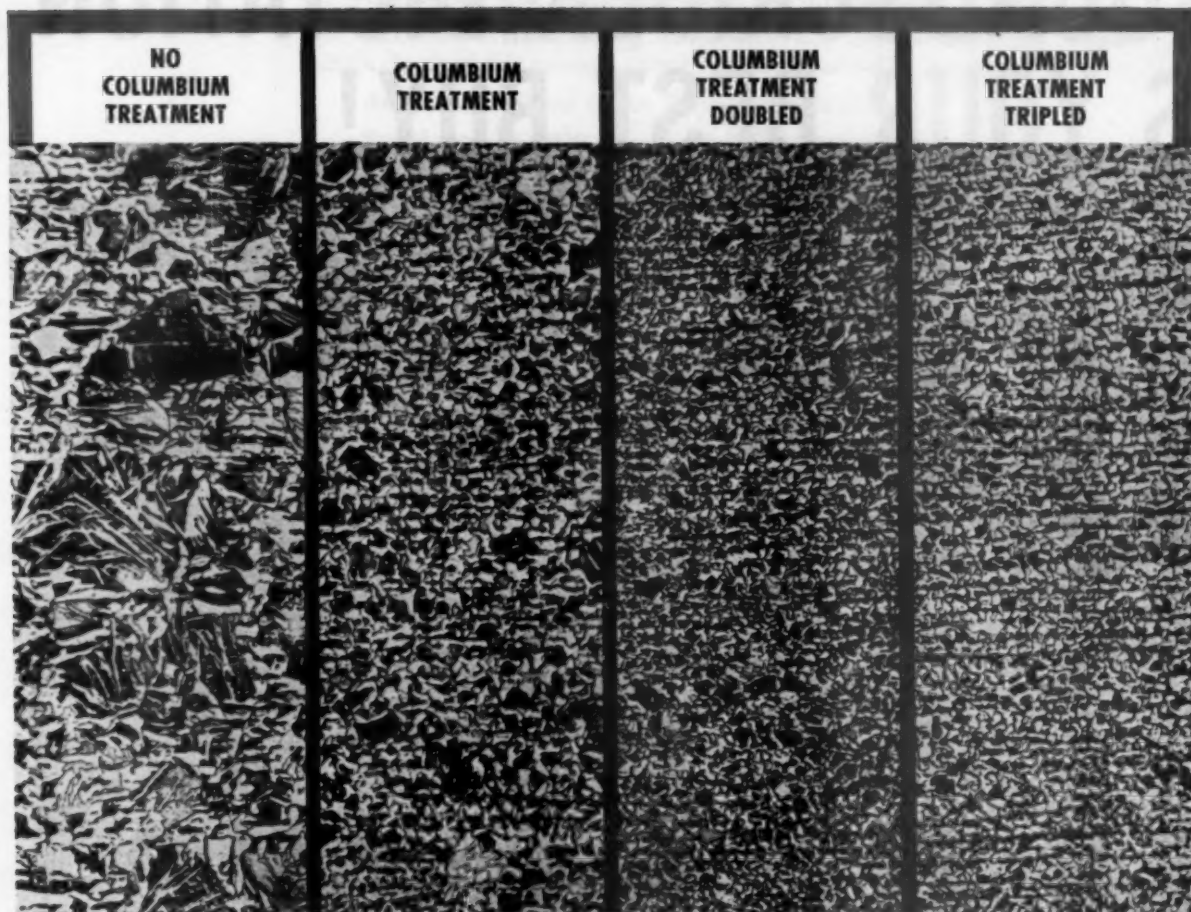
SOUND S C R I B E R

TODAY'S MOST ADVANCED DICTATING SYSTEM

I want to know more about the all-purpose portable.

NAME _____
Please attach to company letterhead and mail to: The
SoundScriber Corp., Box 1941, Dept. B-2, New Haven, Conn.

HOW GREAT LAKES



Composite of photomicrographs made from the same heat of mild carbon steel shows the effect of varying columbium treatments on the grain structure of the steel.

The Great Lakes Family of High-Strength Steels



Lets you design superior performance, longer life and less weight into your product. Many diversified applications.



Offers all the characteristic features of N-A-X Finegrain, plus greatly enhanced resistance to atmospheric corrosion.



A series of fine grained, mild carbon steels. They have unusually high strength, toughness and weldability.



Quenched and tempered steels of excellent weldability and toughness, with yield strengths from 80,000 - 110,000 psi.



N-A-X High Manganese and High Manganese Special Killed. These steels give yield strengths up to 50,000 psi.

STEEL CORPORATION'S NEW GLX-W STEELS GIVE ... HIGH STRENGTH TOUGHNESS REDUCED COSTS

Key to the success of Great Lakes' new GLX-W Series of steels is the fine grained internal structure produced by treatment with columbium. This grain refinement also contributes to ductility. And in addition, the GLX-W Series' low carbon and manganese content assures excellent weldability with freedom from underbead cracking under all conditions.

COST AND WEIGHT SAVINGS

Where design permits the replacement of carbon steel with GLX-W steels, weight savings of 20 to 35 per cent, and cost savings of 10 to 25 per cent can be realized. When replacing alloy steels the cost savings can range from 25 to 35 per cent. These steels feature higher yield strengths, greater tensile strengths and increased toughness without costly heat treatments or extensive alloy additions.

The GLX-W Series is so priced that substantial cost reductions can be obtained by weight reduction over mild carbon steel. Cost reduction can also be obtained over alloy steels because of the lower price of GLX-W steels.

STRONGER AND TOUGHER

GLX-W steels are stronger and tougher than ordinary mild carbon steels and in some applications can do the job now being done by the more costly alloy steels.

MANY USES FOR GLX-W STEELS

GLX-W steels are especially recommended for a broad range of applications in mobile equipment and pressure vessels, as well as the transportation and construction fields.



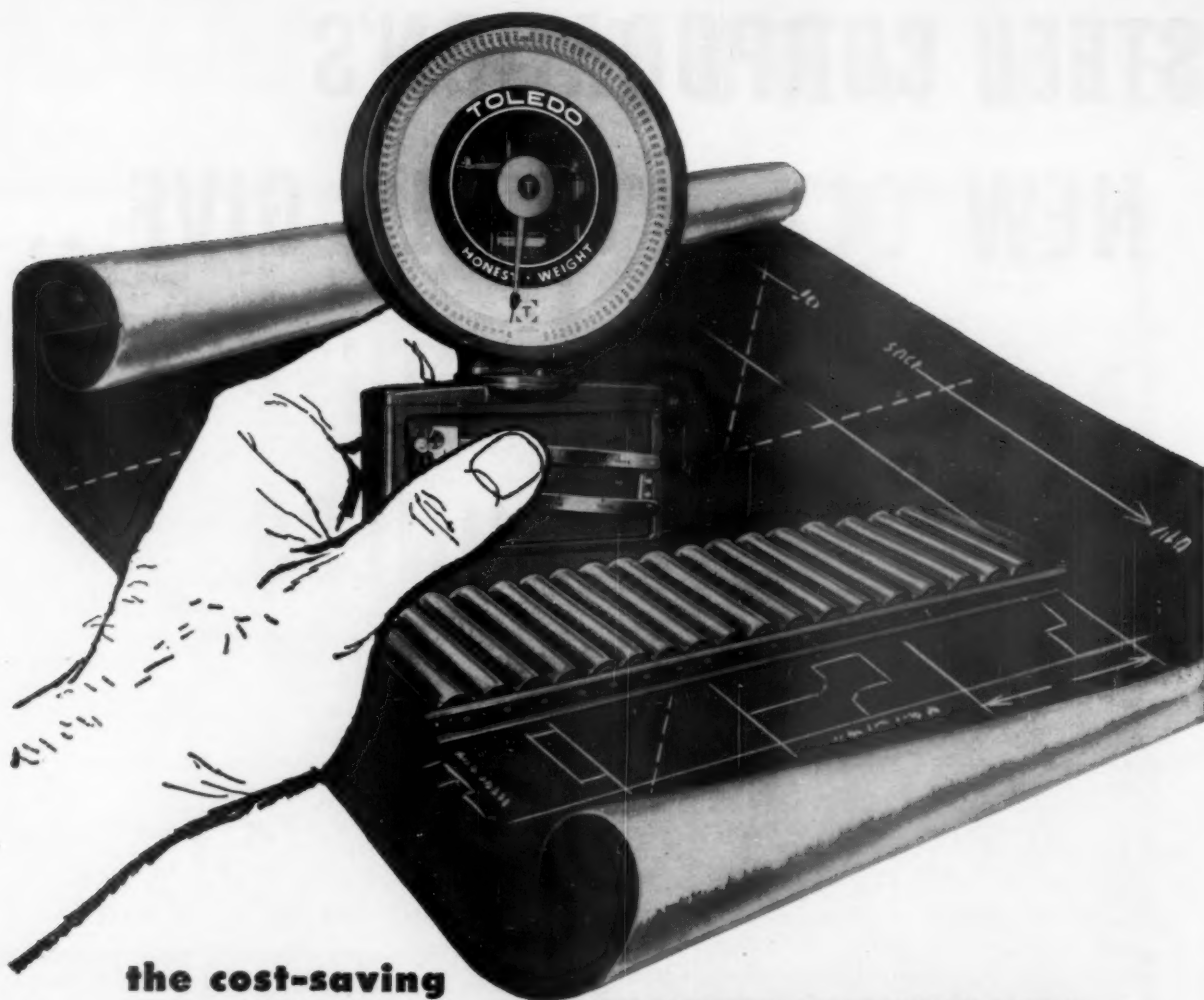
For additional technical information about these economical GLX-W steels write

Product Development Division, Dept. BW-1

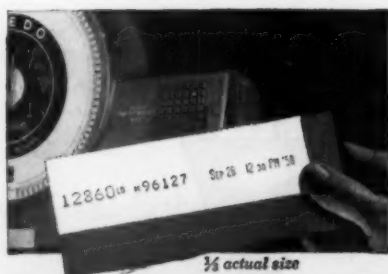
GREAT LAKES STEEL CORPORATION

Detroit 29, Michigan • Division of

NATIONAL STEEL CORPORATION



the cost-saving
trend today puts **BETTER CONTROL**
where it counts most!



NEW TOLEDO PRINTWEIGH® "400"

... complete printed weight records at your fingertips!

- Prints where you wish on full 8 1/4" x 11" forms, or on tickets; also on strips. Prints full figures, even when unit weights are used.
- Positive weight identification with selective numbering, weight symbols, or consecutive numbering; also may print time and date.
- Transmits weight data to remotely located adding or other office machines; "memory" available for printing weight data even after load on platform is removed.

Ask for Bulletin 2017

On industry's scales, materials become money. Weight records directly affect costs, quality, inventories and customer billing. That's why it is so vitally important to put *Toledos* at all weighing points ... where control counts most!

Major advantages that are yours with Toledos are being proven daily in plants of every size. Toledos provide more complete cost data ... greater selection of models ... savings in time and materials ... welcome new simplification of records and record keeping. You can even carry Toledo accuracy directly into your accounting and inventory records, through weights printed at the scale, or transmitted on "electronic wings" for remote recording.

There are specialized Toledo units, too, for classifying, testing, counting, automatic batching and bulk weight control. So, whatever your weighing need, you need Toledos. To help you evaluate weighing efficiency in your plant, send for the Toledo weighing analysis kit. No obligation. TOLEDO SCALE, Division of Toledo Scale Corporation, Toledo 12, Ohio.



TOLEDO®

Greatest Name in Weighing

PRODUCTION

Industry Seeks Its Own Radio Net

● Oil and gas companies, utilities, and railroads find they often can handle their own communications more cheaply and reliably by microwave radio than by leased wires.

● The rise of data-processing centers and automatic operation of such things as remote compressor stations is vastly increasing industry's communications load.

● FCC nears a showdown decision over dividing radio channels between industry and phone companies.

Columbia Gas System, Inc., is about to spend \$250,000 on a 1,500-mi. private radio network, using microwave relay, to solve its internal communications problem.

Microwave relay is a relatively new technique that beams ultra high frequency transmissions along a series of short-range radio repeater stations.

Companies in the oil and gas production and distribution industry already operate about one-third of the private point-to-point microwave hookups—the rest is shared among state and municipal services, railroads, utilities, and radio-TV stations for local use. Probably the most extensive private user of microwave communication is Transcontinental Gas Pipe Line Corp., which operates a 1,800-mi. system between Houston and New York.

• **Legal Fuss**—The mechanics of microwave communication have been worked out pretty thoroughly, as Columbia's decision attests, but the economics and legalities haven't. That's why industrial use of the method has been virtually restricted to railroads, utilities, and pipeline companies, even though many other companies show interest in adopting it.

Right now, microwave systems other than those used by telephone and telegraph companies—the common carriers—operate on renewable developmental permits good for only one year. But soon, possibly by midyear, the Federal Communications Commission is expected to rule on permanent licenses for industrial and service microwave systems. It will also have to decide whether or not to open some microwave channels for general industrial use on either a permanent or developmental basis.

Both industrial representatives and spokesmen for the communications common carriers have presented reams of testimony on the question to the FCC hearings labelled Docket 11866,

which deals with allocations of frequencies in the microwave region—above 890 megacycles. The hearings, which opened in 1957, were closed last November. No one can predict what the FCC decision will be, nor when it will be issued. The arguments are long and involved, but they fall generally into two camps—general industry vs. the common carriers.

• **Two Sides**—Industrial representatives ask for permanent allocation of some frequency bands on the basis that there is a demonstrable need for faster, cheaper and better communication systems—particularly for data processing, specialized services such as facsimile, and remote control. These, they say, are too expensive to consider if common carrier tariffs apply.

Also, most industry representatives claim they need full control over their systems to insure reliability and to permit complete freedom for experimentation and development of new techniques. They insist that they can get such control only through private ownership of their communications links.

On the other hand, the common carriers claim that permanent allocation of frequencies for private use would divert broadcasting space, a valuable and limited public resource, to private operators so there is no guarantee that it would best serve the general public. It makes more sense, common carriers say, to centralize responsibility for service under one authority that is obligated by law to serve all comers.

The common carriers also view private microwave as a threat to some of their most lucrative business. Bell System spokesmen have testified that if industrial communications were diverted from high-density routes, the system would be forced to readjust its entire rate structure, since heavy traffic routes bear a large part of the burden for maintaining unprofitable low-traffic lines.

• **Precedent Helps**—Both sides have

compelling cases. But until the FCC decides, no one knows where the line will be drawn between private microwave and the telephone companies.

However, right-of-way companies like Columbia, who have a long history of operating their own systems, feel that precedent is so strongly on their side that there is virtually no likelihood that their applications for permanent operating licenses on microwave frequencies will be denied.

I. One Company's Saving

Columbia Gas will make its first expansion of microwave communication not out on the remote reaches of its long-haul pipelines but in its seven-state distribution system, in the highly industrialized home grounds of the phone companies. The company has concluded, after more than two years of experimenting with a 96-mi. microwave relay hookup, that—where the communications load is heavy—radio is cheaper than private cable or wire, even cheaper than leasing wires from telephone companies.

• **A Lot of Talk**—A fuel gas distribution system is much like a big chemical process plant or a refinery—its control problems are chiefly those of metering and regulating flow. But this plant, instead of being concentrated in a few acres, is spread over many states.

It takes a lot of talk along Columbia's system to coordinate the process, and a lot of meter reading has to be reported to central points. Columbia's facilities stretch from Lafayette, La., to the Hudson Valley at Nyack, N. Y., and from Toledo to Washington, D. C., in the other direction. The company produces some of its gas, buys the rest. In its seven-state distribution area, it delivers to 2,000 wholesale customers—mostly local utilities—and to 1.3-million retail customers. Annual sales top \$375-million.

Columbia's communications problem includes not only continuous supervision of the pipelines from Louisiana but also uninterrupted contact with hundreds of widely scattered compressor stations, pipe junctions, metering stations, underground reservoirs, pressure-regulating stations, and quality check points.

• **Private Lines**—To handle this traffic within the company and dealings with the customers, Columbia has built up a private communications network that's bigger than some of the telephone companies it deals with.

In this system are 1,500 mi. of private

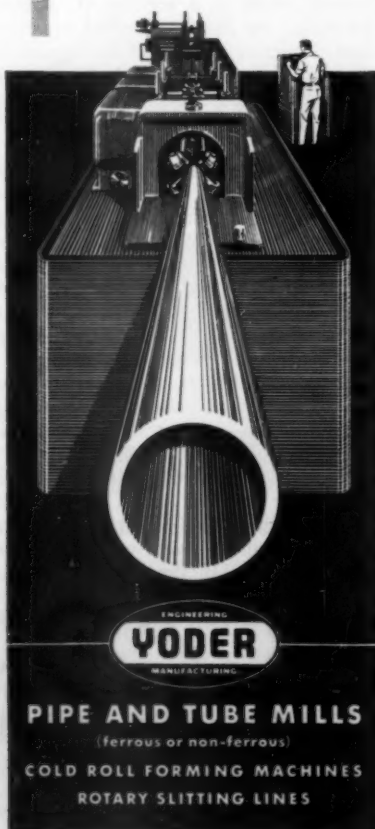
YODER

Pipe and Tube Mills

Product dependability—integrity of manufacture—engineering for specific production needs have all contributed to establish Yoder equipment as the industry standard of excellence. Since 1909 Yoder-built machinery, including Pipe and Tube Mills, Roll Forming Equipment and Rotary Slitters, have earned world-wide customer satisfaction and recognition.

Profit from Yoder's years of engineering and service experience. Send today for the illustrated Yoder Pipe and Tube Mills Book.

THE YODER COMPANY
5530 Wulworth Ave., Cleveland 2, Ohio



pole lines, 1,800 mi. of wire circuits capable of carrying single messages, and 2,172 mi. of four-channel telephone wires, plus nearly 3,000 mi. of telephone circuits leased from Bell System subsidiaries and several hundred independent phone companies.

Columbia also operates 138 base radio stations that talk to 1,346 mobile radio units. Finally, it has its 96-mi. experimental microwave setup, which can carry 24 voice channels simultaneously.

• **New Type of Load**—Most of this communications plant was designed for carrying the voice, but the load of electronic signals from data-processing machines and from remote controls has been increasing fast.

Many important meters are read and valves controlled directly at the main office these days; entire compressor stations are operated from control rooms miles away. Private radio bases have been converted to automatic, unattended operation, often on mountain tops for best sending and receiving. Columbia has also centralized all its billing and accounting at its data-processing center in Charleston, W. Va.

Each step toward centralized control increases the load on communications—and particularly on its reliability. A pole line in the mountains, for example, can't be trusted to run a critical compressor station. It's too exposed to breaking by snow, ice, or falling trees. Yet an underground cable would cost too much. Moreover, in case of widespread damage such as that in hurricanes or severe ice storms, Columbia insists it sometimes takes weeks before low-priority leased wires are restored by the phone companies.

• **Reliable Radio**—Reliability was one goal when Columbia installed its present microwave network in 1956. The system, though an "early model," has operated from the start at better than 99% availability, says R. W. Stewart, Columbia's director of communications.

"Since we got that system," says Stewart, "the manufacturers have made all kinds of improvements, and we expect even better performance from the installations we're planning."

• **Money-Saver**—Stewart expects microwave to yield substantial savings as the communications load increases. According to a study by him and men from each of Columbia's operating groups, private microwave can beat the cost of leased wires wherever a route requires more than seven voice channels. At 20 circuits, Columbia says its cost will be only one-third to one-half the toll for leased wires.

H. A. Rhodes, Transcontinental's superintendent of communications, goes even further in favoring microwave. He says the breakeven point between micro-

MEMO TO *W.B.* FROM *G.B.*
These people (UNION) probably could help us on our chain problem.

We probably could. And it doesn't matter what your problem is because we make all types of steel drive and conveying chain plus sprockets and attachments. Our engineering experience is therefore broad and our recommendations are completely unprejudiced.

TRANSMIT POWER
UNION CHAINS
CONVEY MATERIALS

The Union Chain And Manufacturing Company
SANDUSKY, OHIO

HANG FIXTURES SECURELY...USE
MOLLY
SCREW ANCHORS and JACK NUTS

PERFECT FASTENERS to hold anything on walls, floors, ceilings

With Molly you can install fixtures exactly where you want... not just where studs are. Won't pull through. Spider backing reinforces area in which used. Fixtures can be removed and replaced in same anchor. Easy to install without disfiguring wall. Inexpensive, guaranteed. Ask your hardware dealer for genuine Molly... the name is stamped on the cap.

New JACK NUTS HOLD IN HOLLOW-CORE FLUSH DOORS
Now you can fasten fixtures securely to flush doors! Jack Nuts need only 3/4" expansion space, grip any material up to 3/4" thick.

SEND \$1.00 FOR SAMPLE BOX OF 12

MOLLY Corp., 230 N. 5th St., Reading, Pa.
Enclosed is \$1.00 for sample box of (check one) ☐ Mollys ☐ Jack Nuts

NAME _____
ADDRESS _____
CITY _____ ZONE _____ STATE _____

wave and leased wires is only three voice channels. "If we paid common carrier rates for the service we provide ourselves," he declares, "it would break us, and the service wouldn't be as good."

"The economic case is plain," Stewart agrees, "but I'd say it actually isn't our primary interest at this point. We are most concerned about reliability and room for future growth."

• **First Expansion Step**—This year, Columbia's microwave network will link Charleston, W. Va., with Pittsburgh and Columbus. Later it will be extended to New York, Washington, Cincinnati, and other operating centers. The company has no plans to extend it to Louisiana, where leased wires don't carry a heavy enough load today to justify a multi-channel microwave hookup.

At the start, it will cost Columbia slightly more to operate the Charleston-Pittsburgh-Columbus microwave net than it would to expand the capacity of the present mixture of private and leased wires—about \$219,000 a year compared with around \$209,000. But Columbia estimates a saving when it expands capacity in this area by 1965—an annual cost of less than \$260,000 for microwave, compared with \$350,000 for wires.

II. Potential Users

The Bell System has no disagreement with the economy of microwave radio relay as a technique. It operates more than 19-million circuit mi. of such service for long-distance telephone, and credits these facilities with keeping toll rates down in a time of otherwise rising costs.

With every step toward centralized data processing, industry shows more interest in private microwave operation. Manufacturers, insurance companies, and others with a heavy load of paperwork would like to use this ultra high frequency radio to funnel data to computers from an area large enough to justify the expense of the equipment. There are other industrial uses, too: the high-speed facsimile transmission of work orders and engineering drawings, the sending of production schedule details and up-to-the-minute data on inventories.

• **Candidates**—Bell System and other common carriers aren't sitting quietly while their industrial customers put microwave to work on their busiest communications routes. Bell generally withholds protest against the granting of development licenses to right-of-way companies such as railroads and pipelines. But it opposes applications from other companies.

Last year, Minute Maid Corp. applied for one of the temporary permits, but was turned down by FCC. Chrysler

HAVE YOU EVER FOUND YOUR WAREHOUSE CHOKED WITH PRE-PRINTED CARTONS

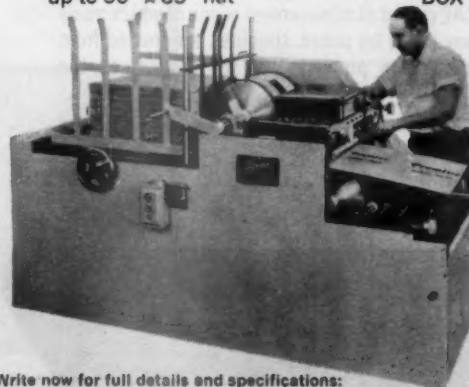


...but out of stock on the ones you need?

One solution is to scribble new names on the old boxes. A better solution—right in your own plant—is to print your corrugated boxes when you need them, as you need them, with the

Algene BOX PRINTER eliminates slow, costly, obsolete in-plant printing, labeling and hand-stenciling methods.

- Pressroom quality in your plant
- Instant-drying liquid inks in all colors
- Speeds up to 3,500 boxes per hour, printed four sides in a single pass through the press
- Accommodates all carton sizes up to 50" x 65" flat
- Automatic hopper feed
- Change coding within any run, with simple movable type
- Quick and easy to use: die-changes made in three minutes . . . and your employee will be taught to operate the ALGENE BOX PRINTER within one hour!



See it at these trade shows:

CHICAGO

Canners

Feb. 20-23 Hilton

Frozen Foods

Mar. 1-4 Hilton

Nat'l Packaging Exp.

Apr. 13-17 Amphitheatre

CLEVELAND PUB. AUD.

Mat'l Handling Exp. June 9-12

NEW YORK COLISEUM

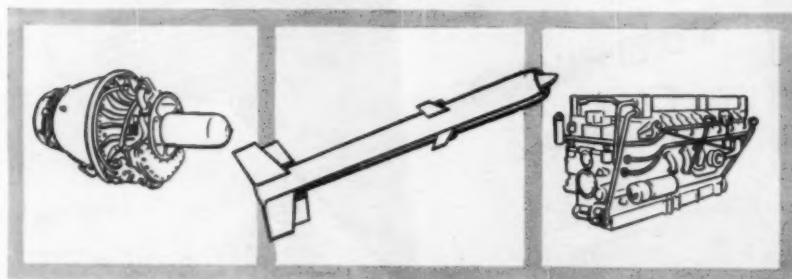
Package Machinery Nov. 17-20

Write now for full details and specifications:

ALGENE MARKING EQUIPMENT CO., 232 PALISADE AVE., GARFIELD, N. J.

CAE POWER

- Research
- Development
- Production



TURBINE

RAMJET

RECIPROCATING

● Continental Aviation & Engineering Corp. is exceptionally well qualified, both by experience and by facilities, for work on the weapons systems of tomorrow. Our background embraces not only a half-century of internal combustion engine experience, but also years of pioneering in gas turbine engine development, and a full decade of work in the field of solid fuels for ramjet propulsion of missiles and target drones . . . Continental is staffed and equipped for a wide range of assignments, military and commercial. The Detroit Division Research and Development Department is supported by our modern-to-the-minute Component Testing Laboratory complete with environmental facilities located at Toledo. The Toledo Production Division now producing various turbine engines in volume is capable of supporting diversified programs . . . The CAE record of achievement is one of which many a larger company might be proud. Inquiries are invited from those having propulsion problems, on the ground, on the water, in the air.



CONTINENTAL AVIATION & ENGINEERING CORPORATION

12700 KERCHEVAL AVENUE, DETROIT 15, MICHIGAN

SUBSIDIARY OF CONTINENTAL MOTORS CORPORATION

Corp. has made a study of a private microwave net, but it hasn't applied formally for a permit.

A hot battle is going on between the Bell System and the American Trucking Assn. over an FCC application of Central Freight Lines for an experimental microwave hookup between Dallas and Fort Worth. The trucking line says it wants to experiment with improved methods of data-handling, particularly facsimile transmission of bills of lading. It says Southwestern Bell cannot provide the service at reasonable cost.

III. Economics Issue

By definition, when a company like Columbia Gas puts in its own radio service, a phone company loses some of its most profitable, high-density traffic. Bell calls it "skimming the cream" and warns that a further spread of the practice could leave the phone companies with nothing but low-volume, high-cost service. This, few industrial applicants for microwave will deny.

"But," says one oil company spokesman, "does this mean I shouldn't be allowed to drive my car wherever there is a bus line or a railroad because they lose my fare?"

• **The Service Case**—The argument that all available microwave frequencies should be allotted to common carriers on the ground that they are best able to serve all the public is no simpler. Many industrial users—and would-be users—contend that there is more than enough room in the microwave region for both common carriers and private systems. Their contention is based on the technically different nature of microwave, compared with other types of broadcasting.

Microwave can be transmitted only from horizon to horizon except in very special instances, and transmissions can be focused like the beam of a spotlight. Thus, many broadcasters can operate simultaneously in the same area on the same frequency, as long as their beams don't coincide. Moreover, equipment manufacturers say relatively few areas of the country are in danger of overcrowding the high-frequency channels.

With industry and common carrier participation in microwave broadcasting at stake, the FCC's decision on Docket 11866 could be one of the most important in the history of broadcasting. Whether the agency decides to expand allotments to industrial users for private communications or not, the right-of-way companies and public utilities who are already operating under temporary permits are confident they will get permanent licenses. And they are even more confident that their use of microwave will continue to expand. **END**



Cocoanut Grove calls on Scott Washroom Advisory Service... free film shows how you, too, can reduce washroom costs

Scott's Washroom Advisory Service is offering free showings of a 14-minute film that gives tips on how to analyze washroom costs. It also shows how to modernize and increase the efficiency of existing facilities with a few simple changes.

Scott's Washroom Advisory Service is based on experience accumulated in close to a million business and industry washrooms. The service is free and entails no obligation. Send the coupon.



Mr. Philip J. Weber, vice president and general manager of the Ambassador Hotel of Los Angeles, called on Scott's Washroom Advisory Service when redecorating the hotel's famous Cocoanut Grove. Scott experts helped modernize the Ambassador's 36 public and employee washrooms.



Scott recommendations included special lighting for make-up in the women's lounge adjoining the Cocoanut Grove.



Notice the soap dispensers over the washbowls—another Scott suggestion that saves soap, improves appearance and reduces maintenance time.

SCOTT PAPER COMPANY

Department BW-92, Chester, Pennsylvania

- ☐ I'd like to see the Scott Washroom Film.
- ☐ Send me the free booklet containing tested and proved principles to follow when planning new washrooms or remodeling present facilities.

Name _____

Title _____

Company _____

Address _____

City _____ Zone _____ State _____





Here's why the *Mellowes Co.* Prefers **KEYSTONE** Wire

To sell lock washers, The Mellowes Co., Milwaukee, Wisconsin, puts them into new, functional "Job-Pak" rolls that reduce handling expenses, simplify counting and weighing, eliminate spilling and permit speedier inventories.

To keep their customers "sold," The Mellowes Co. specifies Keystone Lock Washer Wire. Here are some of the reasons:

- Uniform diameter assures accurate dimensions when cold rolled into lock washer wire.
- Uniform structure completely spheroidized for easy coiling and close control of inside and outside diameters.
- Uniform chemical analysis and grain size provide consistent hardness in heat treating.

Keystone research metallurgists worked hand-in-hand with The Mellowes Co. to develop a special quality Lock Washer Wire. The result has been a quality product manufactured at the lowest possible cost. Could this be true for the products you manufacture, too? We are at your service to help you find out!

Keystone Steel & Wire Company, Peoria 7, Illinois

Cold heading and
forming wire for
industrial uses.



KEYSTONE

NEW PRODUCTS



Long-Necked Lift

This tall customer is a new version of a hydraulic lift that can push two men or 1,000 lb. of equipment skyward in a few seconds. It comes in 40, 50, and 65 ft. models, each made in two sections that unfold like a jack-knife, with the base anchored to a two-ton truck. Movement can be controlled from the upper platform.

Airlines call the model in the picture the "Giraffe." Airlines use it for inspection and maintenance of jet aircraft tail assemblies; it's equipped to do washing and de-icing. Another new version, nicknamed the "snorkel," is now being introduced for fire-fighting. Manufacturer: Pitman Mfg. Co., Grand View, Mo. Cost: \$10,500 to \$20,000.

Softly Glows the Sign

New products using electroluminescence are beginning to gain ground after years of research (BW-Sep. 26 '56, p129). Electroluminescence is the light emitted when an alternating electric field is applied to a phosphor; in most applications, a phosphor film is applied to glass or metal. No tubes, filaments, gas or mechanical connections are involved, so electroluminescent products are considered solid-state devices.

- **Letter and Numbers**—Latest product to be announced is Westinghouse's flat readout lamp, to go into production later this year. The phosphor is applied in segments arranged so they can be lighted to form the letters and numbers. A comparatively small number of lamps could thus be used, instead of a large number of electric bulbs, for information display boards

of the kind used in stock exchanges, air and rail terminals, and advertising displays.

Other applications seen by Westinghouse include displays of changing depth soundings aboard ship and changing production requirements and ingot characteristics in a steel mill.

The company lists these advantages of the readout lamps: low power consumption (0.2 watts for the largest, on 240 or 460 volts and 60 or 400 cycles); rated life of 3,000 hours; freedom from distortion or shadowing, and small space requirements (100 characters 2 1/2-in. high require about 9 sq. ft.). Switching equipment can be of any conventional type from step relays to transistor logic elements; Westinghouse has demonstrated a switch arrangement controlled by a typewriter-style keyboard.

• **Night Lights**—Last year, Sylvania Electric Co. introduced a flat electroluminescent night light and sold about 300,000 units. Westinghouse will go into production of similar lights next month at a rate of 1-million units a year. Sylvania is also developing versions for clock faces, advertising and highway signs, automobile dashboards and home decoration.

Of half a dozen other companies hard at work on research into electroluminescence, only Radio Corp. of America is reported on the verge of introducing a new product. Light focus and maintenance of steady light intensity are among the main problems to be overcome in new applications.

The biggest application of all is still 10 years away, according to most guesses—the use of electroluminescence for tubeless TV screens that will hang flat on the wall (BW—Apr. 5 '58, p146).

NEW PRODUCTS BRIEFS

A kitchen knife that sharpens with wear is one of the first consumer applications of tungsten carbide fused to steel. A strip of tungsten carbide .0001 in. thick is fused to one side of a steel blade. The steel base wears faster than the tungsten, so a constant sharp edge is presented to the material being cut. Manufacturer: Robeson Cutlery Co., Perry, N. Y. Cost: \$4.95 retail.

Both synthetic and natural rubbers are improved by a new substance, brominated butyl, developed by B. F. Goodrich Co. Goodrich reports the substance makes tree-grown rubber hold air as well as the best synthetics and protects natural rubber products from the deteriorating effects of ozone. It can also be used as a base for an adhesive to bond synthetic butyl rubber to metals and other rubbers.



Summary of Advices on 850 Stocks

Now is the time to put your investment house in order so that you may protect and increase your capital in 1959. Not for many years past have there been such wide discrepancies in the performance of individual stocks. The surprising extent to which all stocks ranked in Group I (Highest) by the Value Line Survey have outperformed all stocks ranked in Group V (Lowest) during the past nine months is a matter of record. (The audited results will be submitted to you for your own appraisal.)

Your first step should be to check each of your stocks to see how they measure up for Probable Market Performance in the next 12 months (whether in Rank I [Highest], II, III, IV, or V [Lowest]), how they rate for Value, Safety, Income, and Appreciation Potentiality over a 3 to 5 year pull. The Value Line Survey provides objective and specific measures on each count. These Rankings are available exclusively in the Value Line Survey.

With the latest SUMMARY before you, available only in the Value Line Survey, you would have at your fingertips the conclusions reached in the 1,000-page Value Line Survey, enabling you to check every one of your stocks against objective and current measurements of value, to choose the strongest and safest stocks for your own list. A copy of the latest Value Line SUMMARY will be sent you at no extra charge under the Special Introductory Offer below.

A SPECIAL \$5 INTRODUCTORY OFFER*

Under this special offer, you would receive at no extra cost the following valuable investment aids to guide you to safer and more profitable investing:

1. **COMPLETE SUMMARY OF ADVICES** on 850 stocks to enable you to check all your stocks at once.
2. **INVESTMENT PROGRAM FOR LIFETIME SECURITY**—a special Value Line study showing how to set up and manage your own investment program for maximum safety, income and capital appreciation.
3. Also **AT NO EXTRA CHARGE**, the 80-page current edition of Ratings & Reports on the Auto, Auto Parts, Aircraft and Air Transport industries, with analyses of 62 leading stocks including Chrysler Corp., Ford Motor, General Motors, American Airlines, Eastern Air Lines, United Air Lines, Bendix Aviation, Boeing Airplane, Douglas Aircraft, United Aircraft and 52 others.
4. **IN ADDITION**, you will receive at one-half the pro rata fee, the next 4 weekly editions of the Value Line Survey (approx. 80 pages per edition) with RATINGS & REPORTS on 265 leading stocks... a new Special Situation recommendation... a Supervised Account Report... 2 Fortnightly Commentaries... Weekly Supplements and 4 Summary-Indexes.
5. **PLUS, at no extra charge, a Special Report on BEST STOCKS TO BUY NOW**, with 4 especially selected lists for specific investment purposes.

(Annual Subscription \$120)

*New subscribers only

To take advantage of this Special Offer, fill out and mail coupon below.

Name

Address

City Zone State

Send \$5 to Dept. BW-1

THE VALUE LINE

INVESTMENT SURVEY

Published by ARNOLD BERNHARD & Co., Inc

Value Line Survey Building, 5 East 44th St., N. Y. 17, N. Y.

Six Characters in Search of an Economist

THE factor that upsets economics as a predictive science is man. Man comes in a few billion varieties, as every good FBI fingerprint expert knows. Yet the economist, if he's going to make even roughly reliable analyses and predictions, has to be able to work with some standardized concept of man. This standardized man ought to behave the way most men do most of the time in response to similar stimuli.



Economic Man was born early in the development of economics as a discipline. EM was a pretty simple-minded and mercenary fellow, but he was completely rational. If you

offered him two identical loaves of bread, one at 15¢, the other at 20¢, he always took the 15¢ loaf, even if his own mother tried to sell him the 20¢ loaf.

A lot of people detested Economic Man's ethics. The idea that EM, acting as an employer, should throw faithful but marginal Bob Cratchit out in the street, just because Bob's marginal cost had risen above the value of his marginal product, appalled social reformers. But this ethical resentment wasn't what killed Economic Man. What did it was the realization that EM was a pretty imperfect model of man. At the end of the 19th Century it was noted that if you offered real-world man two bottles of equally good perfume, Bottle A priced at \$5, Bottle B at \$20, real-world man would frequently choose Bottle B, especially if other people knew it cost \$20. This phenomenon was labeled by its discoverer, Thorstein Veblen, "conspicuous consumption." It was silly, but there it was.

THIS discovery gave a powerful push to sociology, and other disciplines aimed at revealing how people really do behave—and it destroyed Economic Man. But it didn't destroy economics. Indeed, though economists stopped talking

about Economic Man, his ghost still haunted their theories and analyses. His was the wraith that moved through, above, and below the mountains of statistics that were shoveled upon his grave.

Today, with the emergence of the new science of decision-making, the progeny of Economic Man has begun to walk the earth. In the current issue of *Administrative Science Quarterly*, Dr. Martin Shubik, of the General Electric Co., has catalogued some of Economic Man's living successors:



Minimax Man, the discovery of the late John von Neumann, inventor of the theory of games. MM has to worry about his opponent's strategy, not just

his own. So MM doesn't try simply to maximize his gains, like EM. Rather, MM tries to plan his strategy in such a way that, if all the breaks go against him, he will still get the best results possible in the circumstances—the most gains or the least losses. Thus, he is a moderately aggressive fellow, but with a well-covered chin.



Sequential Decision Making Man, says Shubik, has a close family resemblance to Minimax Man. SDMM tries to insure against the unknown aspects, not of his op-

ponent's behavior, but of his own environment. Suppose SDMM is a manufacturer of bullets and has to guarantee that no more than a certain number of his bullets will fail to fire. How many bullets should SDMM test before shipping? That, he figures, depends on the cost of failing to meet his guarantee, the cost of testing bullets, the distribution of possible errors.

It would be inadvisable, but not necessarily fatal, to play Russian roulette with a pistol loaded by SDMM.



Satisficing Man, a discovery of Prof. Herbert A. Simon of Carnegie Institute of Technology, lives in a still darker world of uncertainty. SM doesn't even pretend to maximize

anything. He just wants to know whether some course of action that he wants to follow will give him "enough." SM suffers from a certain vagueness about both his own environment and his own goals.



Heroic Man, discovered by Prof. Kenneth E. Boulding of the University of Michigan, is the psychological antithesis of old Economic Man. HM is a wild,

bold rascal; he calls for action without calculating the cost. He gives the salt back its savor. "Without the Heroic," Prof. Boulding observes, "man has no meaning." But he then hastens to add, "Without the Economic, he has no sense."

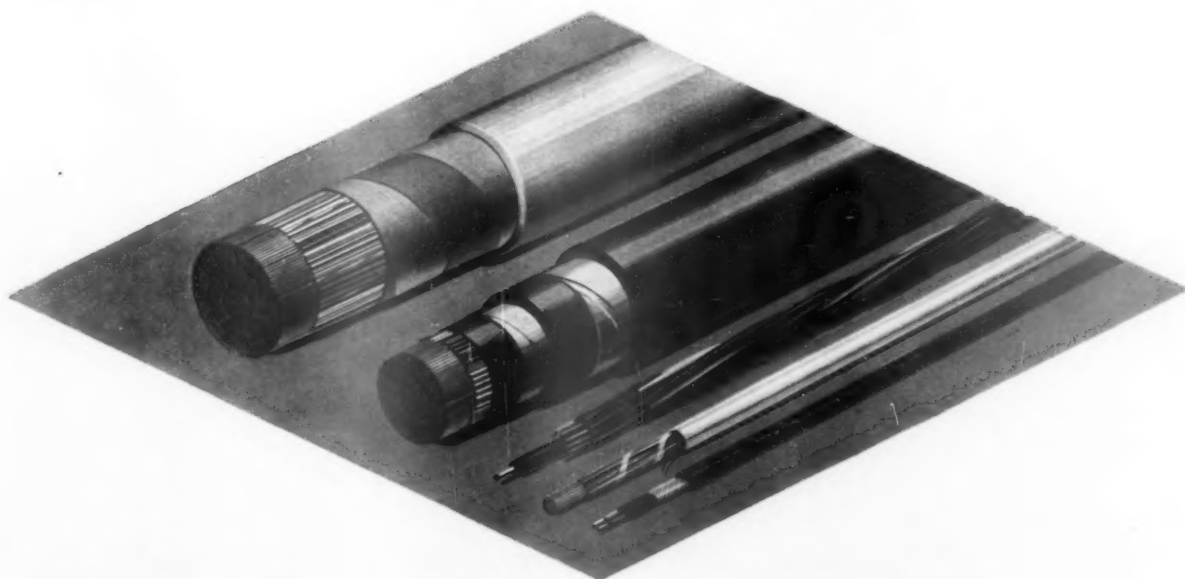
Perhaps the next step is for some economist to put all these characters together in the same room, and see what happens. For a foil, he might throw in old Neanderthal Man, who stumbled around his caves with neither Operations Research Man nor Economist Man to worry him. All he really had to fuss about, in those good old pre-rational days, was Neanderthal Woman.





TALKING WIRES WITH IMPORTANT CONNECTIONS

TELEPHONE WIRE AND CABLE made by PHELPS DODGE



Every time you pick up your telephone, a network of wires and cables responds immediately to serve you. The vital part played by these communication lines calls for reliable, trouble-free performance, day after day. Phelps Dodge combines manufacturing skill with extensive research and engineering experience, to produce telephone cables of the highest quality.

PHELPS DODGE COPPER PRODUCTS

CORPORATION • 300 PARK AVENUE, NEW YORK 22, N. Y.

FIRST FOR LASTING QUALITY—FROM MINE TO MARKET





Series 31 Fleetside pickup.

No job's too tough for this crew!

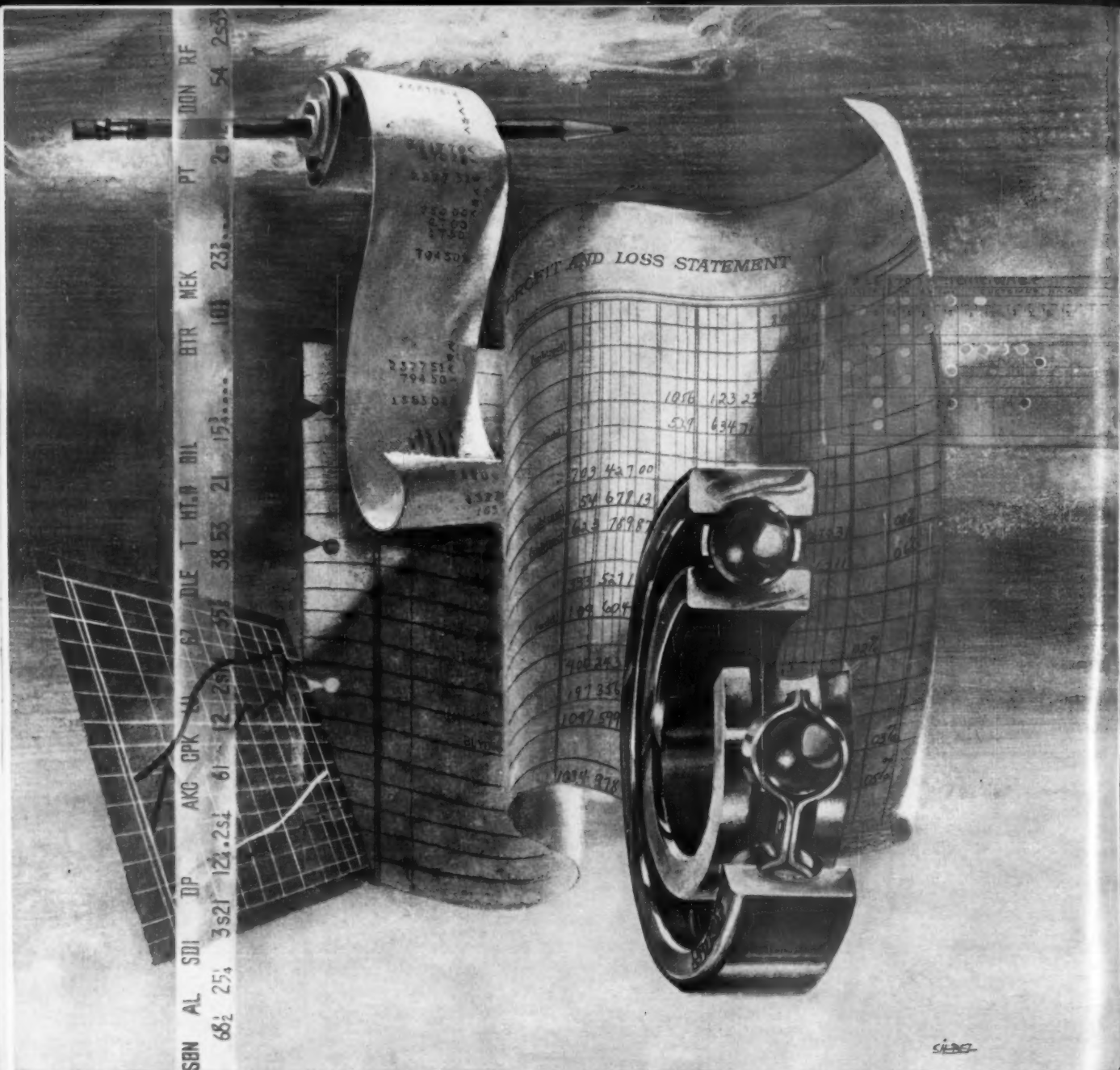
Chevrolet Task-Force 59 Trucks



Series 90 L. C. F. chassis-cab.

Never before has there been a crew of willing workers like these '59 Chevrolet trucks. They're handier and handsomer—with stronger sinewed cabs and chassis, a wider choice of models, tighter fisted power. You'll find just the truck to get the jump on your job—whether you want the spaciousness and style of a Fleetside pickup or the compact load-carrying capacity of an L.C.F. Efficiency has been improved from the Thriftmaster 6 in pickups to the Workmaster V8 in tandems—and a new Workmaster Special V8 adds still another engine choice to the line. Your dealer's waiting to introduce you to the *best yet of the best sellers.*

CHEVROLET DIVISION OF GENERAL MOTORS, DETROIT 2, MICHIGAN



Parts determine profits

Few parts make so great a difference in profit-and-loss figures as bearings. For a single bearing can halt your production, boost operating costs sky-high and otherwise burn up profits.

How can you get profitable bearings? Rely on SKF for impartial bearing analyses.

No other manufacturer offers as much experience in making bearings profitable

for users as SKF — producers of a complete line of ball and roller bearings.

7820



In Finance

• • •

Bank Merger in California Attacked by Fed's Governor

Federal Reserve governor J. L. Robertson, who has emerged as the Fed's champion of unit banking, sharply attacked the board's approval of the purchase of the California Bank by Firstamerica Corp. (BW—Jan. 17 '59, p36). In a dissent released this week, Robertson said that the joining of the California Bank to the First Western Bank & Trust Co. means the forming of a "second Goliath" resembling the giant Bank of America that "will produce a marked increase in banking concentration" in California.

In Robertson's view the new branch banking empire will be harmful to the independent unit banks left in the state. He is fearful that the Fed's approval will trigger a new outbreak of mergers and acquisitions that will "make more difficult the maintenance of effective competition on the part of smaller California banks."

Robertson will have other opportunities to muster the rest of the board to his side: The American Trust Co. and Wells Fargo are currently holding "merger discussions" in California, and the board must also pass on the Guaranty Trust-Morgan merger in New York.

• • •

Scramble for Long-Term Funds Expected to Boost Interest Rates

The demand for long-term funds during the rest of the year will be greater than the supply, according to the annual survey of money market specialists conducted by Girard L. Spencer of Salomon Bros. & Hutzler. This means that interest rates are likely to rise during 1959, although Spencer reports that the outlook for the next six months is for a more moderate rise than the market experienced in the last half of 1958.

As the group saw it, total supply of investable funds will be around \$23.7-billion, while demand is put at \$24.7-billion. Both figures are up from last year, but the deficiency of long-term funds will be small—\$1-billion or about 4%. Even so, with the Federal Reserve maintaining an anti-inflationary policy, interest rates are bound to tighten.

The study reports that demand for mortgage financing will amount to \$13.3-billion, while corporate borrowings—including foreign demand and financing by the World Bank—is predicted at \$7.9-billion. Financing by state and local governments is placed at \$3.5-billion.

The biggest single source of funds, says the study, will be the savings and loan associations, with \$5.5-billion ticketed for mortgages. It is estimated that \$5.1-billion will be available from individuals, trusts, and non-corporate pension funds. Corporate pension funds

MORE NEWS ABOUT FINANCE ON:

- P. 50—Tax prospects for business
- P. 52—Orchid for group banking

• • •

Rails Hope to Build Up Income By Adding or Dropping Services

With railroad net income in 1958 down some 18% to \$600-million, rail lines are still straining to cut operating costs and build traffic. Here are some examples:

- The Delaware, Lackawanna & Western RR for the first time offered volume freight rates on the movement of crushed stone in open-cars, aimed at wooing traffic away from trucking outfits. The new tariff—which must be approved by the New York Public Service Commission—provides a 15% reduction for shippers who agree to move more than 50,000 tons of the product. First user will be the Barrett Div. of Allied Chemical Corp.

- Chesapeake & Ohio Ry. said its initial venture in piggyback operations—an overnight "highball" service in special freight trains—will start next month between Chicago and Detroit and between Chicago and Cincinnati.

- The New York Central RR appealed to the Interstate Commerce Commission for permission to discontinue all passenger train service on its St. Lawrence Div. in upstate New York. A state commission last October ordered the Central to continue operating all trains on the division except one, but the Central is appealing the decision under a provision of the new Transportation Act of 1958.

• • •

Companies in Need of Capital Turn Increasingly to Equity Financing

Corporations needing capital are turning more and more to the equity route. This week, for example, only one corporate debt offering—for just over \$2-million in equipment certificates by Denver & Rio Grande Western RR—came to market. But there were a number of big common stock offerings, including sales by such major utilities as Southern Co., Connecticut Light & Power, and Rochester Gas & Electric.

Debt financing continues to be the major form of raising capital. This month, though, stock offerings will amount to almost \$250-million, compared to an estimated \$110-million in bond offerings. This is an abnormally low level of debt financings, which is probably only temporary. But underwriters report that stock financings should increase, too. This is not only because stock prices are rising, but because interest rates for long-term borrowings are firming.

TAX EXEMPT INCOME



Revenue Bonds build your income—Tax-Free

Well selected revenue bonds are an attractive purchase for the astute investor. With tax-exempt yields up to 3¾%, and even higher, today's revenue issues offer income that even exceeds that from less conservative investments with high—but taxable—yields.

For an individual investor in the \$25,000 taxable income bracket, a 3¾% revenue bond yields as much *net* income as 9.14% taxable return from other types of investment. The comparison is even more favorable in higher income brackets.

For more and more investors the conservative revenue bond is preferable to the taxable security.

Our detailed comparison chart shows you the value of this tax exemption in your specific income bracket. Send for it without cost or obligation, together with our latest list of select tax-free bond offerings. Ask for folder BJ-91.



HALSEY, STUART & CO. INC.

123 SOUTH LASALLE STREET, CHICAGO 90

35 WALL STREET, NEW YORK 5

AND OTHER PRINCIPAL CITIES

Tax Prospects

No general federal increase is expected, but proposals are in the hopper for new levies on businesses.

Congressional machinery began spinning this week to stamp out new and broader tax patterns for 1959.

There's no chance of an across-the-board hike in taxes (page 15). But Chmn. Wilbur Mill's powerful House Ways & Means Committee is hearing proposals to put through a brand-new levy on life insurance company profits. This is but one of a number of specific bills that could strike business hard.

• **Mostly Up**—Not all the schemes before Congress are for tax increases. Some congressmen are pushing a proposal for selective tax relief for small business, which would allow companies to deduct up to \$30,000 of taxable income for reinvestment in the business. But this tax-easing measure, which may not pass the hearing stage, is an exception.

Mills shares the eagerness of the Administration to broaden the tax base. His Ways & Means Committee is planning a broad study to (1) close tax loopholes, and (2) reach out for income that is now considered tax-free. In doing so, it will be helping the Administration to increase its revenues.

Eisenhower's budget officially calls for a \$600-million increase in taxes. But a close reading of his message shows revenue proposals adding at least \$1-billion to this figure. Mills is in favor of such an increase. In fact, he will probably go beyond the Administration's program.

• **Insurance Treatment**—The new insurance levy is one that both Eisenhower and Mills favor. Since 1921, life insurance companies have been taxed differently from other corporations, principally because they must maintain large reserves for the payment of policyholder claims.

They are taxed on a "stop-gap" formula that, in effect, applies only to a specified part of their investment income. Now proposals are being advanced to broaden their tax base.

• **Fuel Taxes**—On other proposals, there's considerably more dissent than agreement between the Administration and Congress. The Administration has recommended, for example, a 1½¢ to 4½¢-a-gallon hike of motor fuel and aviation gas taxes, and a 4½¢-a-gallon tax on aviation jet fuels. The Treasury feels this could net the government at least \$685-million, but opposition to a steep increase is growing.

Some Congressional critics—includ-

Barbecue King says:

BODINE MOTORS

best in their field

"After extensive tests with various motors, we found the Bodine Motor best for our barbecuing machines...in performance and endurance. We think it is the best motor in its field."—Metal Stamping Company (Barbecue King)



Call in a Bodine motor-application engineer in the early stages of your product planning. You'll avoid unnecessary experimenting...and may find one of Bodine's 3500 standard motors ideally suited for your product.

Fast delivery on 265 different STOCK types and sizes.

Bodine Electric Co., 2520 W. Bradley Pl., Chicago 18

BODINE MOTORS

fractional / horsepower



... the power behind the leading products

FOR FAST TALK

THAT PAYS OFF!



YOUR BUSINESS NEEDS...

ELECTRONIC AMPLICALL INTERCOMMUNICATION

AMPLICALL gives you 2-second speech contact within and between all departments of your business. Takes the load off busy switchboards, ends wasteful walking and waiting—pays for itself in speedier, more efficient operations. Available with privacy handset, light and chime signals. There is an AMPLICALL system to fit your exact office and plant intercom needs.

★ See your Classified Phone Book under "Intercommunication" for the nearest AMPLICALL specialist—or write us direct

RAULAND-BORG CORPORATION

3535-S Addison St., Chicago 18, Ill.

ing Speaker Sam Rayburn—feel the proposed gasoline revenue increase will get a cold reception from state governments, which regard gasoline taxes as principally in their domain. A strong counter-attack is being mounted, too, by powerful highway trade associations, which claim the hikes will raise costs for businesses and consumers.

• **Depletion**—Another ticklish area is the Treasury's plan to close a loophole on mineral depletion, which the Treasury fears will be used by corporations on a large scale. Treasury's aim is to overcome court rulings—on brick and cement company tax reports—that permit depletion percentages to be based on the value of the mineral after certain finishing processes, rather than its value before the processing.

Treasury officials maintain that the more finishing processes that are included, the greater the depletion allowances will be—and this means smaller revenues to the government. But it's expected that congressmen from the mineral states will throw up some roadblocks.

• **More Tax Ideas**—Other Administration proposals that will come in for scrutiny include:

• Closing the capital gains escape hatch on sales of depreciated equipment—in particular, those where a company depreciates a piece of equipment, then sells it at a higher price than the amount that has been written off. Such sales are taxed at the capital gains rate, but the Administration wants them taxable at the higher ordinary income rate.

• Hiking payroll taxes through a broadening of the unemployment compensation system to take in employers with four or less workers instead of eight.

• Revising tax laws affecting co-operatives. Co-ops presently can escape taxation by distributing all their surplus to members, and members needn't pay taxes on such distributions if they take them in the form of shares instead of in cash. Under Administration proposals, co-ops would have to distribute in cash or in shares redeemable in cash after three years. Co-op members would then have to pay taxes on the cash in the year when it was received.

• **Congressional Ideas**—Congress itself has a number of proposals up its sleeve. Rep. Sydney Herlong (D-Fla.) and Rep. Howard Baker (R-Tenn.) are sponsoring an omnibus tax bill to shave \$18.5-billion from corporate taxes, capital gains, estate and gift taxes, and depreciation rates over the next five years.

Another bill, introduced by Rep. Hale Boggs (D-La.), would lighten taxes on income earned abroad, as a measure to spur greater foreign investment. Rep. Charles A. Vanik (D-Ohio) has a bill that would tighten up the laws on companies that reap benefits from tax loss carry-forward provisions. **END**

Now is the time to see it for yourself



A winter scene at a desert resort

America's New #2 Market

"Secondhand" information about the expanding Los Angeles market (now #2 in the nation with over \$9,000,000,000 in retail sales) just won't do when making decisions about your company's future stake in this area.

It's simply good business to investigate for yourself, to experience directly why Los Angeles is now second only to New York in business potential.

The trip can be valuable *healthwise*, too. Particularly *now* when winter is at its bleakest elsewhere. Here, amid the palms and blooming flowers...in a sunny refreshing atmosphere...you can *relax* and give those nerves a rest.

A Southern California trip is an investment with promise: In greater profits for your business, in renewed vigor for yourself.

Free Color Map—locates 645 sights in Los Angeles County, all Southern California. Plus homes of 80 TV and movie stars. *Mail the coupon today!*

ALL-YEAR CLUB OF SOUTHERN CALIFORNIA
This advertisement sponsored by the Los Angeles County Board of Supervisors for the citizens of Glendale, Hollywood, Long Beach, Los Angeles, Pasadena, Pomona, Santa Monica, Torrance and 182 other communities.

A Southern California

**BUSINESS TRIP
PAYS TWO WAYS**

All-Year Club Tourist Information Center
Dept. V-2
628 W. 6th Street, Los Angeles 17, Calif.

Please send me free Color Sight-seeing Map.

(Miss) _____

(Mrs.) _____

(Mr.) _____

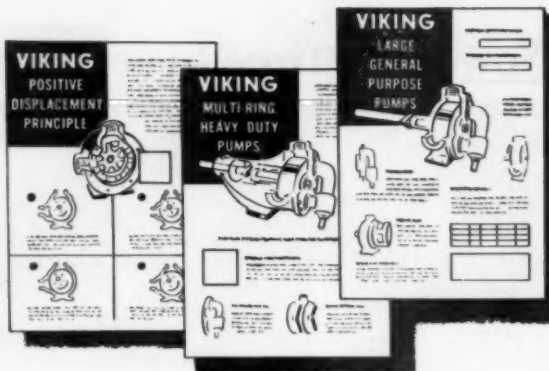
Street _____

City _____

Zone _____ State _____

PLEASE PRINT NAME AND ADDRESS

PUMPS ON YOUR MIND?



Send for this VIKING Pump Data

VIKING ENGINEERING DATA

A 36-page pump engineering manual is yours for the asking. It fully explains the 10 easy steps in selecting Viking rotary pumps. Ask for catalog Series K.

VIKING HEAVY DUTY PUMPS

Available in 10 to 1050 G.P.M. sizes, these rugged Vikings are suitable for pressures up to 200 PSI. Complete with specifications, performance data, etc., they are illustrated in the 24-page catalog Series C.

VIKING GENERAL PURPOSE PUMPS

These Viking Pumps—in 2/3 to 1050 G.P.M. sizes—are suitable for pressures up to 100 PSI. They are fully illustrated and have specifications, performance data, etc., in the 36-page catalog Series B.

All Viking Pumps are positive displacement pumps and deliver either thin or thick liquids.

VIKING—the leader,
not a follower,
in Rotary Pumps



VIKING PUMP COMPANY

Cedar Falls, Iowa, U.S.A. In Canada, it's "ROTO-RING" pumps

Offices and Distributors in Principal Cities See Your Classified Telephone Directory

Save Floor Space WITH TANDEM STORAGE FILES



THE NEWEST
IDEA FOR
RECORD
STORAGE
IN 20
YEARS!

tandem
STORAGE FILE

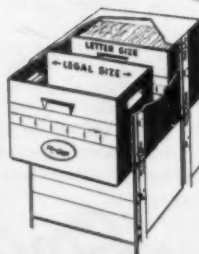
2 TRAYS IN EACH UNIT
provide 30-in. of filing in 24-in. depth

That's the secret... two (12" x 15" x 10") trays are stored sideways, one behind the other, in a single 24" deep shell... and only 30" aisles are needed. Tandems stack to the ceiling too. Thus narrow aisles and high stacking save floor space.

Record storage specialists, searching for a low-cost record file that would use every available foot of space, began with a 15" x 12" x 10" corrugated box but found savings often were offset by necessary shelving costs—and space still was not put to best use.

Now Tandem files meet the need for a low cost file that uses all the space—by filing in tandem—and the stacking units of corrugated fibre-board build their own steel framework as you stack them—to any ceiling height. No wasted space between trays or between tiers; units interlock for extra strength.

Tandem installation at REPUBLIC AVIATION CORP., Farmingdale, N. Y.



TRY TWO UNITS

Let us ship you, prepaid, two complete Tandem units for \$8.50. Each unit will hold both letter and legal filing. Send order on your company letterhead. **MONEY BACK GUARANTEE**

BANKERS BOX COMPANY

Dept. BW2-59

2607 North 25th Avenue, Franklin Park, Ill. (Suburb of Chicago)

Bank Holding Companies Get a Learned Orchid

Boosters of bank holding companies this week were citing a new study that supported this controversial form of bank organization.

The study, prepared by Dr. Marcus Nadler and Dr. Jules I. Bogen, both professors at New York University's Graduate School of Business Administration, was financed by a number of bank holding companies and banks. Its major conclusion is that holding companies have sharpened bank competition, but have not hindered the growth of unit or branch banking.

Not all bankers agree. But the study is sure to be used in the fight to break the present deadlock over bank holding companies. The issue is particularly strong in New York, which has had a "freeze" on the formation of any new bank holding companies. The state now has five, the biggest of which is Marine Midland Corp., with 13 banks and 160 banking offices. But this freeze expires May 1, and the new study, with its emphasis on the benefits of group banking, adds pressure on New York legislators to permit new bank holding company expansion.

• **Clarification**—What's more, New York, like many other states, is still trying to clarify the Bank Holding Company Act of 1956, which appeared to limit states' rights in exercising power over bank holding companies. Late in 1957, for example, First National City Bank of New York cited the act in order to get around the New York State law that forbids banks to acquire branches outside their home areas. But when the Federal Reserve Board slapped down the bank's attempt to set up a holding company in order to merge with County Trust Co. (BW-Jul.19'58,p36), it did not base its ruling on the constitutional question of whether the U.S. or a state has jurisdiction.

The new study points out that the 44 separate bank holding companies accounted for about 7% of all commercial bank deposits at the end of 1957. Group banking operated in 33 states, mostly in the Middle and Far West, and the study says that their earnings record topped that of commercial banking in general.

As Nadler and Bogen see it, bank holding companies give stockholders greater marketability for their equities and provide more complete banking services for customers by furnishing a staff organization to assist affiliated banks. However, some bankers say that, in practice, the officers of affiliated banks actually become an extra and expensive management layer. **END**



Seven to one

"... the contribution of the United Fruit Company to the economies of the six countries is enormously advantageous ... it has been leaving within the production area more than \$7 for every dollar in profits withdrawn ..."*

This quotation is one of the highlights of the comprehensive study of the United Fruit Company operations in Latin America which was made by Sr. Galo Plaza, ex-President of the Republic of Ecuador, and Stacy May, well-known economist, for the National Planning Association,† an independent research group.

†Series on United States Business Performance Abroad
NATIONAL PLANNING ASSOCIATION, 1606 NEW HAMPSHIRE AVE., N.W., WASHINGTON 9, D.C.

United Fruit Company

General Offices: 80 Federal Street, Boston 10, Mass.

*COLOMBIA • *COSTA RICA • CUBA • DOMINICAN REPUBLIC • *ECUADOR • *GUATEMALA • *HONDURAS • NICARAGUA • *PANAMA

In Marketing

• • •

Advertising Fraternity Plans Special Washington Conclave

National Advertising Week (Feb. 8-14) will be launched this year at a meeting in Washington, opening Monday, Feb. 9. The midwinter conference, to be an annual affair, is sponsored by the American Federation of Advertising. Its purpose is to tackle the industry's problems, particularly those arising from the Administration of government regulations.

Representatives of media, advertisers, agencies, and the country's 130 ad clubs will have briefing sessions with Washington lawyers and officials of the Federal Trade Commission, Federal Communications Commission, and the Internal Revenue Service. A reception for Congress will be held on the evening of Feb. 9.

This year's promotion, coming after the first year in the postwar period when total advertising dollars spent declined, has as its theme: "Advertising works for you—more jobs, better products, lower prices." Material, prepared by Benton & Bowles, will appear in all media with 500-million impressions during the week. Arthur (Red) Motely, publisher of Parade, is general chairman assisted by John P. Cunningham, Cunningham & Walsh, and Robert E. Lusk, president of B&B.

• • •

Lorillard Strikes Out for New Markets With Cork-Tipped Cigarette-Size Cigar

Reports began to circulate a month ago that several major cigarette companies were planning to bring out small, cigarette-size cigars (BW-Dec.27'58,p49). Last week, P. Lorillard announced it was marketing Madison, a little cork-tipped cigar, in the Cleveland and Detroit areas.

Lorillard claims the move is a consequence of rising sales of its unadvertised small cigar brand, Between the Acts; but some industry observers see the action as the first step by a major company to follow the lead of the smaller, specialty tobacco companies, such as Philadelphia's Stephano Bros., which introduced a little cigar, Trend, last September. Stephano is silent on sales figures beyond the usual "selling beyond our expectations" statement, but industry reports are that the brand is making gains.

The principal difference between little cigarette-type cigars and conventional small cigars is that the new versions contain shredded tobacco wrapped in a processed tobacco wrapper, instead of being a whole wrapped leaf. Stephano designed the product to appeal to cigar smokers who want a shorter smoke. As a sidelight, the company reports that many plants and other work locations that ban cigars but not cigarette smoking permit employees to smoke little cigars.

For cigarette companies, the new product is part of

MORE NEWS ABOUT MARKETING ON:

- P. 56—Retail discount pricing gains favor.
- P. 58—Fad for tights aids stocking industry.

• • •

FCC Frowns on Networks' Practice Of Lining Up Advertising for Affiliates

As other network problems simmer on back burners (BW-Jan.31'59,p42) the Federal Communications Commission brought one to a boil last week. By unanimous vote, FCC decided to start rule-making procedures that may result in forcing Columbia Broadcasting System and National Broadcasting Co. out of the profitable station representative business.

Station representatives solicit national market-by-market advertising business for local stations. Both CBS and NBC do this for their own stations, and also for some of their affiliates. An FCC staff report concluded that since this kind of advertising competes with network advertising, for networks to represent affiliates is a possible conflict of interest. FCC sees nothing wrong in the networks' selling for their own stations.

Both CBS and NBC indicate they will fight to keep this business. Under pressure from Washington they already have given up their "must buy" stations lists (BW-Dec.13'58,p64).

If the nets lose the fight, some CBS affiliates reportedly are considering taking over CBS station representative personnel and starting their own organization. It is "not beyond the realm of possibility" that CBS would add its own stations to the group, says Merle Jones, president of CBS Stations Div.

• • •

Marketing Briefs

Legislation to protect the consumer continues in California with a proposed bill to crack down on installment credit sales abuses. It outlines the terms sales contracts must include, and regulates revolving charge accounts. Another bill setting up a consumer counsel already has been introduced (BW-Jan.24'59,p74).

Furniture makers take some comfort in figures that show 1958 shipments 7% below 1957. As of May last year, industry shipments were running 12% behind, but a substantial gain in December pulled up the total, and makers feel the spurt will continue into this year.

NEWS FOR HEAVY FORGE SHOPS

Green River Steel
can now offer
forging blooms
up to 18" square
with guaranteed
sound centers

To answer the consistent need of many good customers, Green River has developed new production techniques which allow it to guarantee sound centers in forging blooms with cross sections up to 18 inches square. These blooms are available in aircraft and commercial grade alloy, stainless or forging quality carbon steels. Each bloom is tested for soundness before shipment, but Green River's patented Macro-Clean process makes rejects extremely infrequent. For further information, contact Green River at Owensboro, Ky., Jessop at Washington, Pa., or one of the Jessop offices or representatives shown at the right.

District Offices

Birmingham, Ala.
Buffalo, N. Y.
Charlotte, N. C.
Chicago, Ill.
Cincinnati, Ohio
Cleveland, Ohio
Detroit, Mich.
Hartford, Conn.
Houston, Tex.
Indianapolis, Ind.
Los Angeles, Calif.
Montreal, Quebec
New York, N. Y.
Philadelphia, Pa.
Pittsburgh, Pa.
Toronto, Ontario
Wallaceburg, Ontario
Washington, D. C.

Representatives

Milwaukee, Wis.
St. Louis, Mo.

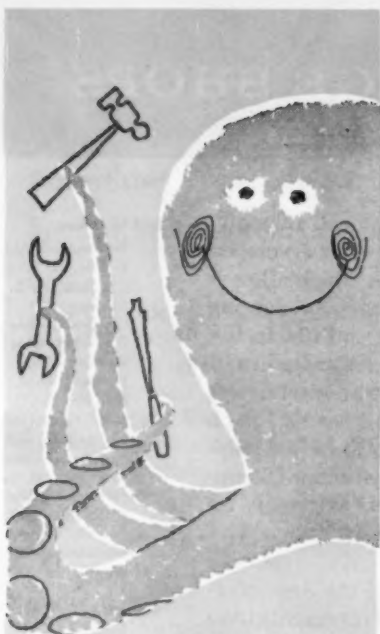


"New Southern Star"

GREEN RIVER STEEL

CORPORATION • OWENSBORO, KENTUCKY

A SUBSIDIARY OF JESSOP STEEL COMPANY



New Versatility for Machinery

Changing production conditions demand versatility from your machinery. Sterling Speed-Trol Variable Speed Drives economically compensate for present or future production variables and keep machinery operating consistently at a higher output. A Sterling Application Engineer will show you how the versatile Speed-Trol Variable Speed Drive can deliver top production under changing conditions.

INQUIRE  TODAY

STERLING
ELECTRIC MOTORS

Plants

LOS ANGELES 22 • CINCINNATI 12
Offices and Stocks in Principal Cities

Constant Normal
Speed Motors

Speed-Trol
Variable Speed Drives

High-Speed
Gear Motors

Multi-Mount
Speed Reducers

THE MARKETING PATTERN

Spreading the Discount Gospel

STEPHEN MASTERS of Masters, Inc., New York based discount department store chain, threw out a challenge a couple of weeks ago. He intends to become "one of the leading furniture retailers in the U.S."

Many low-markup retailers, including Masters, have sold furniture for some time. Masters now is talking of "top quality" lines, and greatly expanded furniture departments in all major units.

Translating his intention into reality will take some doing. But whether or not he succeeds, makers and sellers of consumer goods would do well to ponder the challenge. There have been unmistakable signs lately that manufacturers are swinging to concepts of pricing that are basically discount house concepts. This may prove to be the most important merchandising development of 1959.

AT THE HEART of the matter is the question: What's in a profit margin if you don't make a sale? Last week both Schick, Inc., and Benrus Watch Co. appeared to have reevaluated this question and cut their pricing—and their prices—to fit new answers (BW—Jan. 31 '59, p. 45).

Schick cut profit margins—its own and its retailers'—substantially on its electric razors. Benrus did the same with a new line, on which it cut dealer per-unit profits by some 40%. The aim: to make further ruinous price cutting at retail unfeasible. The underlying aim: to substitute dollar profits on increased volume for higher markup.

This is where the discount house came in. The discounter discarded the fixed retail markups that have been the hallowed measure of profits for decades. Discounters reckon profits in dollars, not in percentages. Everyone knows the impact of this concept on the appliance market.

COULD it happen in furniture? Masters thinks it can and will. Big retailers normally compute their selling price for furniture by doubling the price they pay. They need this markon, they feel, to

make the expensive, slow-moving goods profitable. Such a margin leaves a wide door open for the price cutter to slip in.

There are tough problems. Persuading manufacturers who deal with department stores and furniture stores to sell to a discount house will be no joke. Still, discount houses did, eventually, crack the appliance market wide open—even on such toughly fair-traded brands as Sunbeam and General Electric.

Problem No. 2: Furniture will never turn over so fast as small appliances, say. Masters answers that lower prices will certainly increase turnover compared with big-store standards. Problem No. 3: Discounters flourish on national brands. It's a rare furniture company that does the preselling job the appliance makers do. But Masters thinks the housewife has acquired such shopping skill in the past 10 years that she will recognize quality, even unbranded quality.

RETAILERS have been under pressure in recent years to forget percentage profits, think in terms of dollar profits. Lower margins have paid off for some outstanding merchants, including the supermarkets. Discount houses have driven other retailers to compete on price, to the point where profits sometimes disappear.

Profitless sales make little more sense than saleless profit margins. But manufacturers may be feeling their way to a balance between the lows of drastically cut prices and the highs of traditional markups, a balance that might better equate mass production and a mass market through mass distribution.

The Retail Institute of the National Retail Merchants Assn. this week suggested another change that recalls discount thinking: It urged complete retail staff reorganization, and reduction of executives.

Another straw points the way to some new distribution thinking. Masters will be a guest speaker next month at the Furniture Assn. of New York.

Why Business Prefers Ohio

OHIO RATES second only to California in the affections of a number of the nation's key industrialists. However, the music from this second fiddle is melodious to the ears of Ohioans. It emanates from the industrial world—the hum of assembly lines, the whirl of propellers of newly produced planes, the thumping of pneumatic stamping machines and many other notes familiar in areas of economic progress.

At the moment Ohio is second in the thoughts of industrial leaders when they are queried on their preferences of

states in which to locate new plants. And it is a close second.

In a poll taken among 283 industrial officials, 61 favored Ohio as the area their companies would consider in picking a new plant site. Only California, with 77 votes, outdid the Buckeye State.

THE POLL which gave Ohio its 61 first choice votes was taken by Business Week magazine. Executives were asked to state the major factors or reasons that enter into the decision of considering a new plant location.

By far the most important reason uncovered by the survey was nearness to market, sales area or customers. Other leading considerations were available labor supply, reasonable taxes, availability of raw materials, transportation or shipping facilities, weather or climate and labor costs.

Ohio has much to offer in these categories. Its good inventory in these necessities to industry has enabled it to advance tremendously in recent years. At present Ohio is second only to New York as the nation's No. 1 industrial state.

NO ONE CAN QUESTION the excellent geographical location of Ohio. Its transportation facilities—rail, air and truck—are among the best. An already abundant supply of highly skilled labor is constantly mounting. Tax conditions in Ohio are favorable to industry and weather is pleasant even though it fluctuates from below zero to above the 100 mark.

From the results of Business Week's poll and the great industrial growth Ohio is experiencing, the day must surely come when Ohio is the No. 1 industrial state in the nation.

NEARNESS TO MARKETS: You can easily reach the people you buy from and the people you sell to when your business or industry is located in Ohio . . . center of the nation's richest markets.

AVAILABLE LABOR SUPPLY: Ohio plants draw on a large, highly-skilled labor pool. Ohio leads in a broadened program of technical education.

REASONABLE TAXES: Ohio business taxes are lower than in many industrial states. Ohio's state and local governments welcome new industry and help it succeed.

ABUNDANT RAW MATERIALS & UTILITY SERVICES: Ohio plants profit from ready access to water, coal, iron ore, steel, natural gas, electricity, rubber, chemicals, atomic energy.

GOOD TRANSPORTATION: Modern rail, air and trucking facilities serve every section of Ohio. Low-cost water transportation links Ohio with 32 states and all overseas markets.

FOR DETAILED INFORMATION on available industrial sites or any aspect of plant location in Ohio, write or phone Division of Economic Development and Publicity, Ohio Dept. of Commerce, Columbus 15, Ohio.

(Editorial published in Ohio State Journal, Columbus, Ohio, December 13, 1958).

If you're looking to the future . . . locate in



BUILDING or MODERNIZING ? Save on heating and maintenance with *Fleetlite* Windows and Doors!



"Blanket-of-air" insulation between inner and outer window sash and double weatherstripping reduce heating and air conditioning costs. Aluminum frames, lifetime Fiberglas screening and vinyl glazing channel instead of putty, cut maintenance. All sash cleaned from inside. Windows are hurricane tested for assurance of weather tightness. Fleetlite Aluminum Sliding Glass Doors (100 MPH hurricane tested) effect equal savings.



Double Double Hung



Double Slide



Double Picture Slide



Sliding Glass Door



Jalousie Window



Jalousie Door

FLEET OF AMERICA, INC.

Dept. BW-29, 2015 Walden Ave.
Buffalo 25, New York

A size and style for every need

Offices
Hotels
Motels
Hospitals
Institutions
Apartments
Dormitories
Residences

Write today for descriptive literature.

GIANTS and PYGMIES to match your needs

If it flows through pipe anywhere in the world...



Chances are
it's controlled by

Fisher

Control problems just don't come too big or too small for Fisher's 77-years of engineering experience and precision manufacturing facilities.

That's why engineers think *first* of Fisher when confronted with everyday or unusual control problems. They know they'll get the *right* control—and in a *hurry*.

ENGINEERS WITH SPECIAL CONTROL PROBLEMS...FIND THE ANSWER IN...

FISHER GOVERNOR COMPANY
Marshalltown, Iowa / Plants in Canada, Argentina, England, Australia



Manufacturers of: PRESSURE REGULATORS... DIAPHRAGM MOTOR VALVES AND LIQUID LEVEL CONTROLS

Hosiery Makers See a Long Run For Tights Fad

Grandma's long undies —1960 version—are fast becoming the uniform for teen-age legs.



The lady of the disembodied legs in the picture has helped bring a new sparkle to the hosiery business. She did her bit to turn sales upward in 1958. The year's tally is not yet complete, but estimates are that—recession or no—manufacturers shipped well over 1-million doz. more pairs of women's hose last year than in 1957. That is just a drop in the bucket against total shipments of close to 60-million doz. pairs. But it is a drop in the right direction.

Two developments played a part, maybe a more important part than any statistics (if they were available) would indicate:

- So-called tinted hose (BW-Jul.12'58,p51) have made a dent in the business. It is estimated that they account for between 10% and 20% of the sheer hosiery business. For some companies, they do better than that. Phoenix Hosiery, for years a stalwart advocate of tints, reports they represent 30% of its sales.

- Tights, sometimes indecorously dubbed legs, are having a fashion flurry—as are their cousin, long, heavy (70-denier) hose. On tights no statistics are available; they were not counted in the industry total. The closest thing to a figure is the general retail comment, "Terrific."

But, feels big Bloomingdale's, "Even if we hadn't sold a single pair of tints or tights, they still would have been good for business." They created that element so dear to all retailers, fashion "excitement." When women get fashion-excited, almost anything can happen.

- Dye Is Cast—Not everyone agrees

that tints are so important. In the first place, one buyer asks reasonably, "What do you mean by color?" She goes on to say if you mean black, grey, dark blue, or brown, business is terrific. If you mean green, red, pink, orange, it's very, very limited.



At the start, thinks Chemstrand Corp., which along with du Pont has been promoting colored hose ardently, colors were too lurid. Now they are toning down. The lighter pastels will get a big play from both basic nylon suppliers to break the bare-legged habit.

• **No Fad**—As for tights, their sudden emergence into the limelight is something of a mystery. It started late in 1957, really caught on last fall.

The Danskin division of Triumph Hosiery Mills had an active role in getting tights going. Danskin for years had built up a growing business in theatrical hose, the glamorous elastic fish-net stockings of the chorus girl.

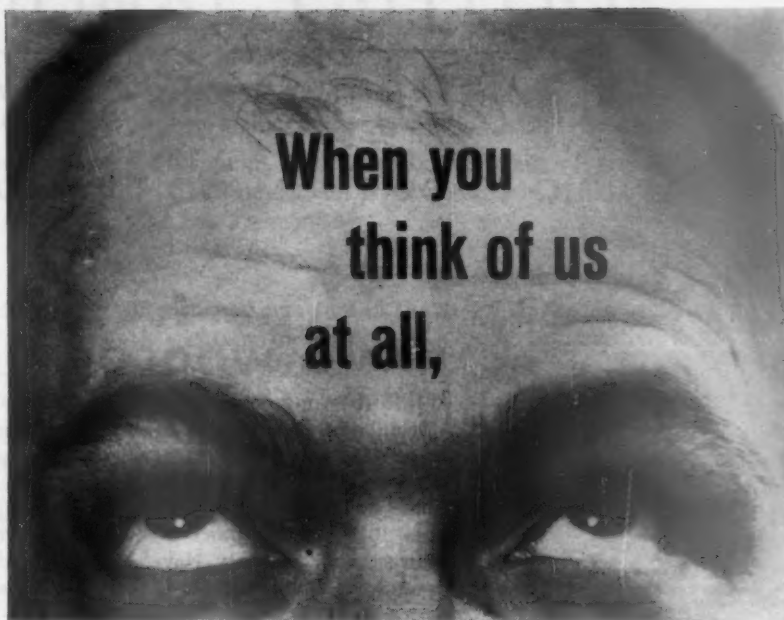
Then, eight years ago, stretch nylon entered the picture.

Stretch nylon tights started with the dancer. Then today's outdoor girl picked them up. Two years ago, the fashion editors got interested. Now, in reds, blacks, blues, you see them in city streets, in the schoolroom, in the suburbs.

Is this a fad? No, most retailers say. Stores are betting that tights will become a staple in the hosiery market. They make too much sense for the fashion to collapse. They fit well. They are warm. Old ladies and teenagers like them. But the market is changing, a buyer reports. In 1957, it was the grown women who went for them. This last year, the moppets and the young teenager took over.

• **Snags**—They have their limitations. They are definitely a cold-weather item. Some mothers think twice before paying \$2.95 to \$3.95 for a garment that daughter may ruin in a spill on the ice.

They give retailers inventory problems, both in money and in space. In tinted hose, retailers have balked on the inventory to the point that manufacturers have to offer color exchange privileges. They have by no means filled the aching gap between an 80-million-doz. capacity and a 50-million-doz. sale. To some degree they are plus business. And once more, fashionable women think about hose. **END**



your mental image is probably that of an excellent photocopy.

We are proud of Photostat® Photographic Copying Apparatus that has served so well for almost 50 years; but we are anxious to have you know how much more we have to offer.

For economical solution of copying problems, Photostat Corporation offers complete systems for recording and duplication by *all* these methods: micro- and miniature film, offset duplicating, and — of course — photocopy.

What this may mean to you:

Briefly, our people may be able to help your people solve the copying problems in your business.

Because we *know* all three major methods of copying, we are qualified to recommend the system or system-combination that will serve you best. Because we *market* equipment for all three, our recommendations are quite without bias.

Any of our service offices in 34 U.S. cities and in Toronto, Canada, will be happy to answer an inquiry from a member of your staff.



PHOTOSTAT CORPORATION

P. O. Box 1970 BW, Rochester 3, N. Y.

PHOTOSTAT IS THE TRADEMARK OF PHOTOSTAT CORPORATION

THE DIVISIONS OF THOMPSON RAMO WOOLDRIDGE INC.



RAMO-WOOLDRIDGE

While it is now a division of **Thompson Ramo Wooldridge Inc.** instead of a separate corporation, **Ramo-Wooldridge** remains an integrated organization for research, development, and manufacture of electronic systems for military and commercial applications. R-W's military work is covered by thirty-four contracts with the Army, Navy, Air Force, and other government and industrial organizations. These support a broad technical and—in some cases—manufacturing program in such varied fields as Electronic Reconnaissance and Countermeasures; Microwave Techniques; Infrared; Analog and Digital Computers; Air Navigation and Traffic Control; Antisubmarine Warfare; Electronic Language Translation; and advanced Radio and Wireline Communication.

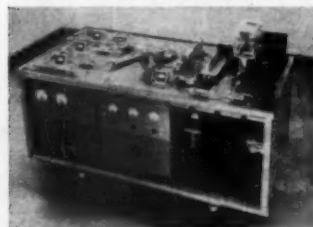
In the commercial field, the well-known RW-300 industrial process control computer and associated equipment—the basis of the expanding business that **The Thompson-Ramo-Wooldridge Products Company** is doing with process industries—was developed and is manufactured by the Ramo-Wooldridge division.

Men, machines, and manufacturing know-how from other TRW divisions will be added as needed to build up the growing production strength of the Ramo-Wooldridge division. In other ways, too, the availability of the special skills and facilities of the rest of the corporate family will broaden the services R-W can offer to its customers. However, R-W's major systems work will continue to be done in an organizational framework that brings the engineering and manufacturing groups into close-knit project teams in the division's own integrated development and manufacturing facilities in both Los Angeles and Denver.

Ramo-Wooldridge is production-oriented in the sense that its end objective is the manufacture and sale of equipment. However, because of the highly technical nature of its product lines, the R-W division will continue to give unusual emphasis to maintaining a high degree of professional scientific and engineering competence.



The completely transistorized RW-300 airborne digital computer has a volume of 4.19 cu. ft. and weighs only 203 lbs., including power supply



Ramo-Wooldridge is responsible for advanced electronic sub-systems development for application with both current and projected missile programs



Important infrared "search and track" equipment is now being developed by Ramo-Wooldridge for applications in modern U.S. Military aircraft



R-W is one of the major participants working with the Boeing Airplane Co. Systems Management Office on the U.S. Air Force Dyna-Soar project



New type of radar data processing system developed by R-W materially increases the capabilities of ground defense radar



The RW-300 digital control computer has broad applications in automatic process control, data reduction and test facility operation



Systems are being developed for the ground processing and interpretation of photographic and other data collected by aerial reconnaissance devices



The Military and Ramo-Wooldridge are studying the use of automatic data processing techniques



In research laboratory studies at Ramo-Wooldridge, electrically-charged particles are contained and supported in a vacuum by an alternating electric field



Thompson Ramo Wooldridge Inc.

MAIN OFFICES
CLEVELAND 17, OHIO
LOS ANGELES 45, CALIFORNIA

INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEB. 7, 1959



East-West differences in Europe will come to a head this year—and the future of Germany will be at stake.

There may even be a summit conference in the offing. First, though, you may see a Moscow visit by British Prime Minister Macmillan, and then a Big Four foreign ministers meeting.

Soviet Premier Khrushchev has forced the issue in Europe with his threat to the Western position in Berlin. His goal, apparently, is to strengthen Soviet control over Eastern Europe and at the same time weaken the Adenauer regime in West Germany.

Now Secy. of State Dulles is planning a diplomatic countermove. He is ready to offer the Russians a broad settlement that would end the cold war in Europe. He is visiting London, Paris, and Bonn this week to get agreement on a new approach to Moscow.

Dulles wants to wrap up a big diplomatic package. It would include new proposals on German unification and new proposals on military disengagement in Central Europe.

As a basis for bargaining, Dulles is prepared to accept the Soviet suggestion for a confederation of the two Germans. Dulles has his own ideas on how this might be arranged. He would insist on a proportionate representation of the 55-million West Germans and the 17-million East Germans in a relatively strong central government. The Russians have proposed equal representation in a virtually powerless federal government.

In the case of military disengagement, Dulles is thinking of a European security pact (guaranteeing the Communist countries against any German aggression) plus a limitation on German armament. Then, he is ready for a planned thinning out of Soviet and Western troops in Western Europe, with a complete withdrawal the eventual goal.

Note this, though: Any military disengagement, including withdrawal of Western garrisons from West Berlin, would only be undertaken as part of an over-all political settlement in Germany. What's more, Dulles won't go very far with any of his proposals unless there is some sign that Khrushchev will meet him halfway. Otherwise, he might just undermine Chancellor Adenauer and weaken NATO.

Dulles' first problem, therefore, is to get his new approach accepted in Western Europe.

Britain's Macmillan, who faces an election within a year, undoubtedly will welcome the Dulles initiative. Pres. de Gaulle of France may be more hesitant, at least until he sees how Adenauer feels.

Adenauer, clearly, will be the hardest one to bring around. But Dulles is determined to get his support, even if he has to do some needling. He could remind Adenauer, for example, that Bonn has refused to agree on economic sanctions against East Germany as an appropriate way to meet a new Berlin blockade. Bonn's refusal apparently is based on the fear of losing its profitable trade with East Germany. But at the same time Adenauer has insisted that the Western garrisons in Berlin should not deal with East German officials, if and when Moscow transfers its controls over access to Berlin to East Germany.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

FEB. 7, 1959

Assuming Dulles gets West European support for his new approach, will the Russians negotiate? And if they do, will we get anywhere? These are gambles Dulles has to take with his whole operation.

No hint has come so far from the Communist Party Congress in Moscow that the Russians are prepared to soften their position. Soviet leaders have been insisting that the allies must leave West Berlin, that Moscow will take "other measures" to get them out if it can't be done by agreement.

The general line at the Communist Congress has been aggressive. Khrushchev and others have talked as if the world already was theirs. At the Party Congress two years ago, there was talk of how the Communist and capitalist camps were competing for the allegiance of the uncommitted third of the world. This time the talk has been only of an expanding Communist world—and a declining capitalist world.

So it may be that Khrushchev is determined to use Berlin as a lever to force the West back—even if he has to bring the Berlin crisis close to a boil.

Add it up, and this is the picture: Dulles has decided to engage in the boldest diplomatic gamble of his career. At the most—and against long odds—he hopes to achieve a European settlement that will get the Russians out of Central Europe. At the least, he hopes to give the West more flexibility in resisting Soviet pressure against Berlin.

Now that the jet age has arrived, the airlines run by members of the European Common Market are talking of pooling their efforts. Soon you may be hearing about two new arrangements—"Eurocontrol" and "Europair."

The first is a scheme to control jet air traffic over Western Europe through a joint organization (the Europeans call it "supranational"). The second is a plan to have Air Lufthansa, Alitalia, and KLM share the cost of maintaining jet equipment.

U.S. and British airlines operating in Europe (Pan American, Trans-World, and British European) aren't in on these plans. That's because the pooling arrangements are aimed at "Anglo-American and Soviet jet competition," to use a term now current in Paris.

The first shipment of Soviet-bloc oil is due to reach this country late in February. The U.S. middleman, Commerce Oil Corp., has disclosed that about 115,000-bbl. of the oil—a heavy grade extremely low in sulphur content and ideal for use as an industrial fuel—would be brought into the U.S. from Rumania.

Neither oil industry officials nor Washington see any reason for alarm. They tend to look on the arrangement as a smart business deal—both for Soviet-bloc refiners and for Commerce Oil Corp.

But not all oil men are so complacent. Some see the transaction as the second step in a Communist drive to penetrate the U.S. market for petroleum products at cut-rate prices. They cite the fact that only two months ago Dow Chemical Co. bought \$14-million worth of benzene from the Soviet Union.



since July 1955



over 300 plants



have chosen to locate



or expand

IN ARKANSAS

we believe our encyclopedia can tell you why / the Arkansas Industrial Development Commission, State Capitol, Little Rock

Make profit moves **NOW** to **COMPETE** at a **PROFIT**

The future is great in a growing America.

And, now is the time to get ready to cash in big. Make those profit moves that will pay off in increased efficiency, higher productivity, lower costs, bigger sales, bigger profit.

Why now? Machinery, equipment, tools, materials, and manpower are more readily available—at better costs—than they will be in the foreseeable future. Quality is high. Financing is favorable. It's safe to predict that by acting **NOW**, you'll get most for your money.

This way, you won't simply be *competitive* when the big rush starts. You'll be **COMPETITION** . . . the big competition in your line.



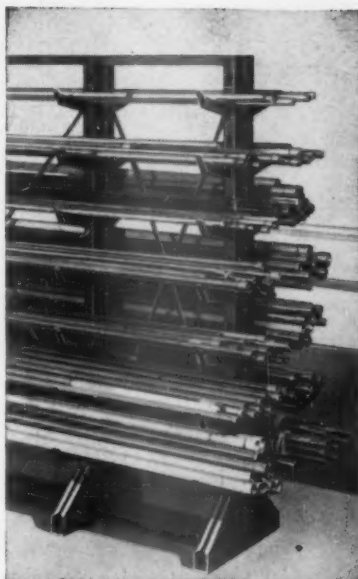
Good starting point is your materials handling and storage systems. Convert static storage facilities into active inventory materials movement centers. Save space, save time, save money. Select the units you need now from Republic's complete line of steel boxes, skids, pallets, pallet racks, shelving, lockers, and METAL LUMBER. Republic's Berger Division Materials Handling Engineers and Storage Engineering Specialists will help you in selection and use, or in designing special units to meet your specific requirements.

Make your first profit move **NOW**.



PROFITABLE IN-PLANT CONSTRUCTION is fast and economical with Republic METAL LUMBER®. This new slotted construction angle meets all your framing needs. Unique pattern of short slots allows complete flexibility and assures sufficient bolts in bearing to give adequate joint strength.

METAL LUMBER is Bonderized and finished in baked enamel after fabrication. This assures long-time resistance to rust, other damage. Convenient bundles of 10 pieces, 10- and 12-foot lengths, bolts included. Store several bundles for use wherever you need framing material. Then simply plan, cut, and bolt to get the job done the METAL LUMBER way.



IMPROVED HANDLING AND STORING of bar stock, shafting and pipe are profit moves you can make now with Republic's Sectional Bar Racks. Load or unload from either side or either end. Each upright supports more than 25,000 pounds when loaded both sides. Short or long stock is handled with equal ease and convenience. Made in any desired length in multiples of 35- or 70-inch units. Uprights are 96 inches high. Eleven-inch brackets are easily adjusted at six-inch intervals without dismantling to meet changing storage needs. Long life is built in. All surfaces are Bonderized to resist rust, retard corrosion, and provide better paint adhesion. Finish is baked enamel. Mail coupon for full facts.



IMMEDIATE AND LONG-RANGE SAVINGS are being achieved at John Deere with the help of precision-made Republic Steel "Bolt Down" Pallets. Four combine engines are bolted to each pallet at Deere's Dubuque, Iowa plant, then trucked to the Harvester Works at East Moline, Illinois. Engine-loaded pallets are picked up by fork trucks and moved quickly and easily to the production line or to temporary storage. Republic Steel Pallets eliminate the need for truck dunnage for shoring up each individual engine. This feature alone results in a time saving of 80% in loading operations and 86% in unloading. Tough, strong steel pallets were selected by Deere, because they would require minimum maintenance and would be usable over many years. Handling problem? Contact Republic for a profitable solution.

REPUBLIC STEEL



*World's Widest Range
of Standard Steels and Steel Products*

Contact Republic.

REPUBLIC STEEL CORPORATION

DEPT. BW-6960

1441 REPUBLIC BUILDING • CLEVELAND 1, OHIO

☐ Have a Storage-Materials Handling Engineer call.

Send more information on:

☐ METAL LUMBER

☐ Sectional Bar Racks

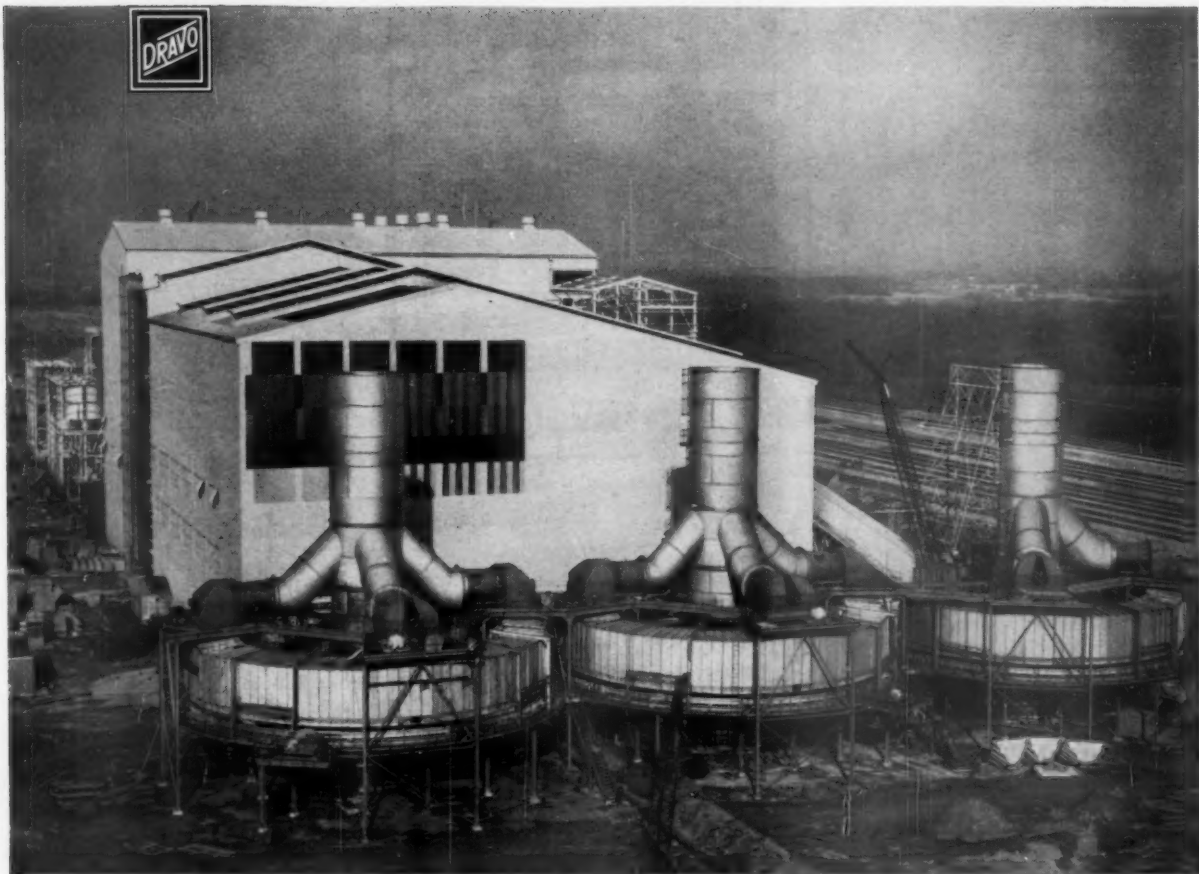
☐ Materials Handling Equipment

Name _____ Title _____

Company _____

Address _____

City _____ Zone _____ State _____



At Saxonburg, Pa., Dravo is constructing a sintering plant for U.S. Steel Corporation that will produce 15,000 tons of iron ore sinter per day.

Dravo builds country's largest sintering plants for U. S. Steel

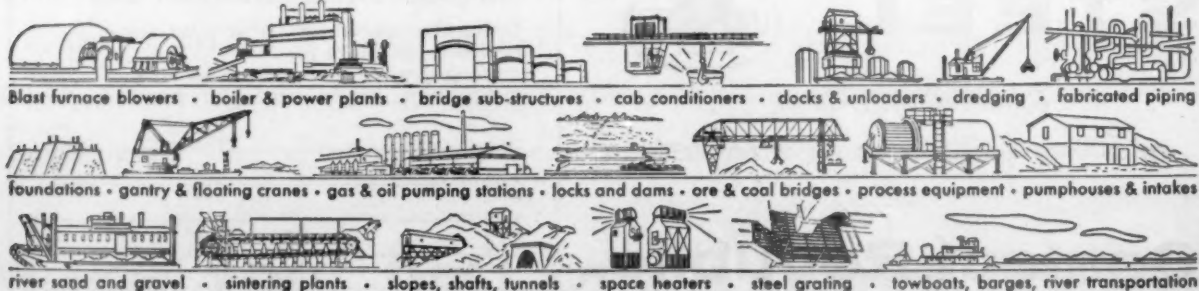
To increase efficiency of blast furnace operations by better utilization of iron ore fines, United States Steel Corporation is building two giant sintering plants—one at Gary Steel Works, Gary, Indiana; the other at Saxonburg, Pa., north of Pittsburgh, to be operated by Edgar Thomson Works.

As exclusive U.S. licensee of the Lurgi Company (Europe's foremost producer of such equipment) Dravo is handling design—and fabrication and erection of mechanical equip-

ment—for both installations. Each includes three sintering machines and three coolers. American Bridge Division of U.S. Steel is handling fabrication and erection of the buildings.

The U.S. Steel and other sintering projects currently under contract at Dravo underscore the growing importance of this process to the steel industry. For information on products and services listed below, write DRAVO CORPORATION, PITTSBURGH 25, PA.

DRAVO
CORPORATION



RESEARCH

Physics Comes Out of Its Tower

On their annual trip from the labs to conventions, physicists had exciting news to report—including brighter prospects for fusion power and a new view of the earth's shape.

The nation's physicists had some dramatic findings to report at last week's joint meeting of the American Physical Society and the American Assn. of Physics Teachers in New York. Their papers and discussions revealed new and striking steps toward man's mastery of the universe.

One of the most sensational revelations came from Dr. Edward Teller, the father of the H-bomb. He said useful power might be obtained from the fusion reaction much sooner than expected. Only five months ago, the University of California physicist was insisting there was little, if any, chance for power from fusion in this century.

The main reason for this new optimism is a tenfold improvement since last September in the most promising method yet for heating hydrogen atoms to 100-million degrees or more—the temperature at which they rush together in a fusion reaction. The credit for this advance goes to a new way to remove impurities from the DCX, the machine that holds the hot hydrogen atoms close together by strong magnetic force. Any impurity in the DCX tends to cool off the entire system.

Fusion power may also be speeded by a new technique for cooling the metal coils surrounding the DCX. In most metals, if cooled sufficiently, the electrical resistance drops to practically zero. The more the resistance diminishes, the less electric power is needed to contain the reaction. The suggestion is that gaseous sodium be used to bring the coils close to absolute zero.

• **Pear-Shaped World**—The convening physicists also heard more about a major discovery of the International Geophysical Year—that the earth is not round but pear-shaped, fatter at the South Pole than at the North. The tiny Vanguard satellite, fired last March, is still radioing evidence of this fact to scientists on earth.

The pear shape means sea level in the regions of the North Pole is about 50 ft. higher than previously calculated. Around the South Pole, it's 50 ft. lower. This suggests that the rock layer beneath the earth's surface is thicker than many scientists have theorized. The extra 50 ft. would weigh too much to be supported by the volume of rock now supposed to underlie the surface. It's impossible to guess



the nature of the additional rock—or what mineral resources it might contain. But, in any case, it may be that the earth's resources are much more plentiful than some pessimists have declared.

• **Afterglow**—There was news of recent experiments with photosynthesis—the process by which a plant absorbs sunlight into its cell to provide for growth. A cell undergoing photosynthesis always emits an afterglow—a low-level phosphorescent light noticeable after the cell has stopped receiving light from the sun or, in the lab, some artificial source. According to scientists for the Bartel Research Foundation, this phenomenon seems to be a subtle adjustment enabling a cell to retain a photon absorbed from sunlight just long enough to reorient its own structure. It may well also be the mechanism regulating the storage of energy within a cell.

If scientists can find a way to control the afterglow phenomenon, they might be able to control cell growth itself. This could make it possible to hasten the growing process for food, for in-



stance, or to slow the growth process in other cell structures if desired.

• **Abstruse Areas**—Along with developments with promise of rather direct practical importance, the physicists heard some highly theoretical discussions of the behavior of sub-atomic particles and of gravitational forces.

When physicists think about particles smaller than the atom, they deal with several forces—the fairly well understood electrical forces, the strong nuclear force that holds atoms together, and the so-called “weak interactions,” which govern the creation and destruction of the multitude of short-lived sub-atomic particles. For some years now, these last two have been getting more incomprehensible, as more and more such particles were discovered; more than 30 are now known, and their behavior seems to bear little relationship to each other.

This week, Dr. Robert E. Marshak proposed a formula for the weak interactions that for the first time moved in the direction of simplicity by offering rules to account for the creation and destruction of the many different particles. If the new theory proves out, it will make it possible to predict the behavior of new types of particles.

• **Progress on Gravity**—At the astronomical level, the problem with gravitation has been just the opposite; it's too simple. Every body of matter has a gravitational field, and since nothing seems to change it, it's hard to experiment with it. Recent intense work on the baffling problem (BW—Feb. 8 '58, p51) has concentrated on mathematical development of Einstein's relativity theory. Papers at a session on gravitation raised the possibility that rapid movement of very massive bodies may change their gravitational field much in the way that movement of a charged body changes an electrical field.

The experiment proposed to find how this happens involves the use of an artificial satellite to be launched into an orbital plane containing the axis of the rotation of the earth. If gravity is not affected by the earth's rotation, the satellite's orbit would stay in a fixed plane. If the rotation of the earth is changing the gravitational force, the plane of the orbit would shift.

Proof one way or the other would go far to explain gravity and anti-gravity. It would also introduce a brand-new concept—gravitational waves similar to electro-magnetic waves. These would be created by such movements as the revolution of the earth around the sun or of the moon around the earth. **END**

(Advertisement)

90% TAX REDUCTION IS RESULT OF "FAIR-MARKET VALUATION"

As ordinary income, a note for \$20,000 was received by an individual. Government Tax Authorities levied taxes against the full face value of the note. The taxpayer called in Marshall and Stevens, appraisal engineers, whose appraisal took into account a subordination aspect of the note, plus other pertinent circumstances. Result: the "fair market value" of the note was established at \$7,600, and this valuation was accepted by tax authorities. The tax liability was thus reduced from \$4,500 to \$500, or almost 90%.*

APPRAISALS FOR SPECIFIC PURPOSES

The foregoing is but one of many applications in which appraisals and valuation survey procedures prove their immense value. Costly time in tax matters and in business negotiations can be eased by anticipating the need for and ordering a qualified appraisal before the need arises.

Marshall and Stevens, experienced appraisers, are qualified to analyze your particular valuation problems, and prepare appraisals for the following purposes: fair market value, fair rental value, mergers, purchase and sales surveys, refinancing, insurance, proof of loss, property ledger tie-in, tax accounting, tax assessment; income, inheritance, gift and catastrophe damage tax claims.

The informative booklet "Purposes of Appraisals" is yours for the asking. Write Marshall and Stevens, 420 Lexington Ave., Dept. 228, New York 17, New York.

An international appraisal company, Marshall and Stevens offers local personalized service. Offices in Chicago, Cincinnati, Dallas, Denver, Detroit, Honolulu, T.H., Houston, Los Angeles, Minneapolis, New York, Philadelphia, Phoenix, Richmond, St. Louis, San Francisco, Vancouver, B.C.

*Actual case history on file.



GRANTS to colleges like this one in Nigeria are part of Ford Foundation's work as . . .

International Philanthropist

Ford Foundation's well-developed foreign programs now spread throughout the world.

Glance through the annual report just published by the Ford Foundation and you can't miss the fact that the largest of our philanthropic institutions is deeply involved in world affairs.

Roughly one-third of total grants made by the foundation during the fiscal year ended Sept. 30, 1958, was allotted to its international programs. The \$27.4-million spent in this field during the year far exceeds the amount spent by any other U.S. foundation.

• **Important Role**—But the figures themselves in the rather staid report give little indication of the great importance of the foundation's role abroad or the new way its international activities have paralleled—except in the military area—the steady growth in this country's world involvement.

The report, for example, is completely deadpan about the foundation's new program to support education in Africa (picture), though the foundation is moving into this politically awakened continent just as the State Dept. is starting to grope for adequate African policies.

Since 1951, when it emerged as the giant of American foundations, the Ford Foundation has been jealous of its independence as a private institution. Because it can make grants without any political strings attached, some foundation officials feel it has an advantage over the International Cooperation Administration, especially in dealing with newly emerging nations.

• **Partners**—Even so, the foundation comes close to operating a limited partnership with the State Dept. in holding the non-Communist world to-

gether. It has not tried to duck cold war problems in Europe or East-West economic competition in the underdeveloped and often neutral countries of Asia and the Middle East. Wherever possible, it has gone to bat for American private enterprise. It supports U.S.-type business schools in several foreign countries, for example, and has helped the Indian government with a study on the opportunities for foreign private investment in India.

The foundation's international activities are organized under three broad programs. These have evolved gradually since 1951—in response to international developments and to the special interests of top foundation officials—without the foundation ever formally blueprinting its international goals.

• **Technical Aids**—Overseas Development is the name the foundation has given to its program in the underdeveloped areas. This basically is a technical assistance program—employing American knowhow to improve technical skills in farming, industry, government, and education. (Some officials call it "shirt-sleeve" philanthropy.) It started in 1951 in South and Southeast Asia, then moved into the Middle East, recently spread to Sub-Sahara Africa, and soon will be extended to Latin America and the Caribbean. Grants for this program came to \$16-million in 1958, with spending in India amounting to two-thirds as much as ICA's outlay for a similar program there.

• **Private Diplomacy**—Under the heading of International Affairs, the foundation operates another program that is directed toward maintaining close ties with Western Europe, but also reaches behind the Iron Curtain to cultivate friends in Poland. It's in this program that the foundation most often gets involved in fighting the cold war with

Check your typewriters against this list of Royal advancements

20% lighter touch than *any* standard typewriter, the *only* one with touch tailored to each finger's strength. Royal has the closest approach to electric touch of any standard.

Finger-form keys are double-molded to cushion fingers and keep them from slipping off, assuring speed and accuracy. If you asked her, your secretary would say, "Buy me a Royal." See why?

9 seconds to change ribbons without smudging fingers—because her fingers never have to touch the ribbon in Royal's Twin-Pak®. No winding needed—*ever*.

160 words per minute cannot make the space bar skip or jump. And it's sloped to fit thumbs. Understand why Royals bring more at trade-in time than any other typewriter?

Snap-out cylinder takes half a second to remove for cleaning or changing. No waiting for service. Service? Royals spend less time in the repair shop than any other typewriter.

No slant-lines in your letters because Royal's Letter-Setter, an aluminum rear roll, works with Royal's Paper Guide to feed as many as 9 carbons into place with carpenter's-square accuracy.

Lightning carriage return whips back at a touch of the positive-action line space lever. No slamming needed—and it's blessedly quiet.

How many lines to the end of the page? The Royal Line Meter answers this question, so your secretary knows when to start a second page. No guesswork. So simple, yet only Royal has it.

5 cheerful colors in handsome two-tones give a lift to your office, match any decorating scheme. There is no extra charge for this thoughtful Royal innovation.

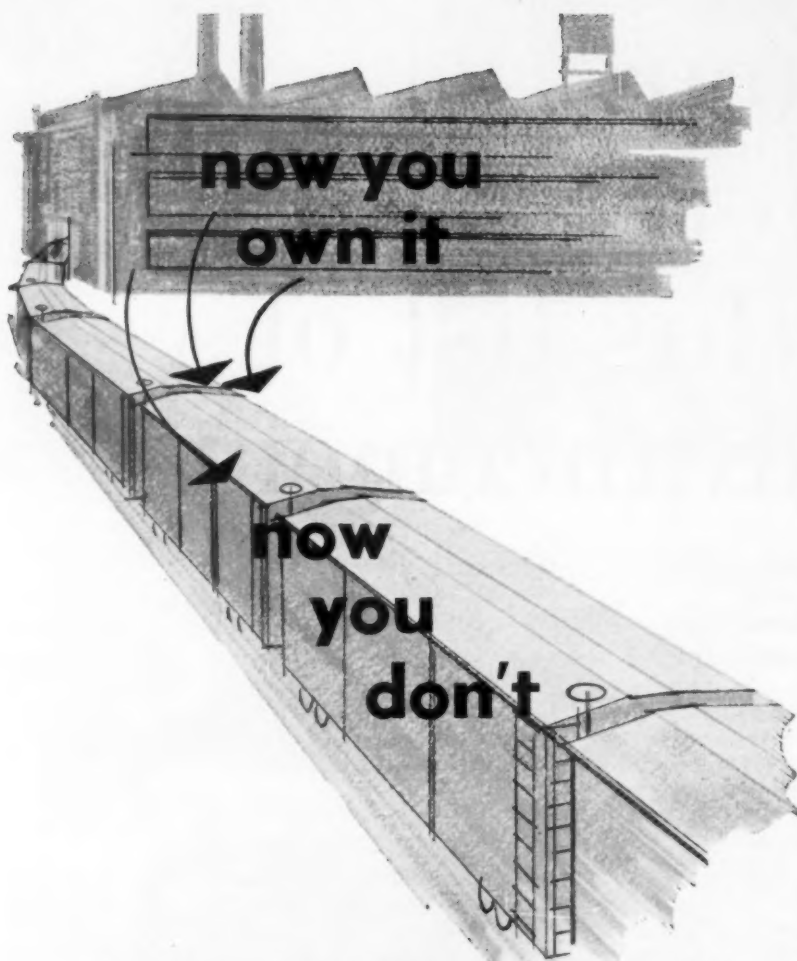


Why trade in old slow-poke typewriters on new Royal standards? Two reasons. Happier secretaries. More and better work for secretarial dollars. The Royal advancements listed at left are not available on *any* typewriter over 5 years old.

ROYAL®
standard

World's Number One Typewriter

There are more Royal Typewriters in office use than any other make.



You insure it when you own it ...why not when you don't?

When shipment is made—title passes to the purchaser. In place of your product there is now an account receivable. It is sound to insure while you own the product . . . equally sound to insure when *your customer* owns the product, and owes *you* for it. American Credit Insurance, by protecting accounts receivable, plays a major role in good management . . . makes a basic contribution to financial security and sales progress.

SEND FOR BOOKLET on the many advantages of modern credit insurance. Write AMERICAN CREDIT INDEMNITY COMPANY of New York . . . Dept. 42, 300 St. Paul Place, Baltimore 2, Md.



Protect your investment in accounts receivable
with **American
Credit Insurance**

ANY ACCOUNT...NO MATTER HOW GOOD...IS BETTER WITH ACI

its own form of private diplomacy—though without working at cross-purposes to the State Dept. Grants for International Affairs in 1958 totaled \$6.7-million.

• **Training and Research**—Under its third program, International Training & Research, the Ford Foundation bestows grants (\$4.7-million in 1958) almost exclusively to American universities and research institutes for intensive study of foreign nations. The goal is to "strengthen American competence in foreign affairs and international relations." Through this program, the foundation also backs up its other two international programs. It proudly boasts that it can draw on the best American professional talent for temporary assignments abroad.

This wide range of activities, as well as its bigger spending, distinguishes the Ford Foundation from other similar U.S. institutions. So does the sense of urgency it attaches to its activities. Its closest rival in the foreign field is the Rockefeller Foundation. But the latter institution spends less than half as much a year on the average and tends to limit its grants to long-range medical and scientific research.

• **Success in India**—Ever since its Overseas Development program got under way with a community development project in India in 1951, this sense of urgency and immediacy has characterized the Ford Foundation's work there. In part, this explains why the foundation's technical assistance program has been a bigger hit in that country than the U.S. government's. Its private character also enables the foundation to operate more freely and to plan its programs three years ahead. ICA has to operate under the scrutiny of Congress and lives from one year's appropriation to the next. The foundation also can draw on the technical resources of Western Europe. In India, it uses West German technicians for a small-industries project.

India actually has received the major share of the grants made under the foundation's Overseas Development program—\$28-million out of the \$71-million, granted through December, 1958. The biggest chunks of this \$28-million have been allocated for assistance to the Indian government to (1) operate a community development program in rural areas; (2) extend educational facilities; and (3) develop small-scale industries. But large grants (totaling about \$2-million for each) also have gone into economic and social research in India and into the training in the U.S. of 300 Indian engineers in management and production methods of the American steel industry.

• **Opposition at Home**—This steel training project, now in full swing, was the foundation's answer to the

24½ million yard project... months ahead of schedule!



120 Euclids on Oahe Dam

Western Contracting Corp. of Sioux City, Iowa is completing a 24½ million cu. yd. earthmoving job nearly a year ahead of schedule. Their contract with the Corps of Engineers covers Stage IV of the tremendous Oahe Reservoir Project on the Missouri River near Pierre, South Dakota.

The Euclid fleet being used by this leading contractor totals 120 machines of various types and sizes. There are 73 twin-power "Eucs"—scrapers, rear-dumps and crawler tractors. Each of these has two engines with separate drive trains for unequalled power and work-ability on steep grades and long

hauls. Working two 10-hour shifts six days a week, the "Eucs" have moved as much as 110,000 cu. yds. a day.

On big high speed production projects like Oahe, and on small yardage work, too, modern Euclid earthmovers get the job done faster and at lowest cost. If you have a problem of moving earth, rock, coal, ore and other materials with off-highway equipment, the Euclid dealer in your area can show you why "Eucs" give you the best return on investment.



EUCLID

DIVISION OF GENERAL MOTORS
Cleveland 17, Ohio

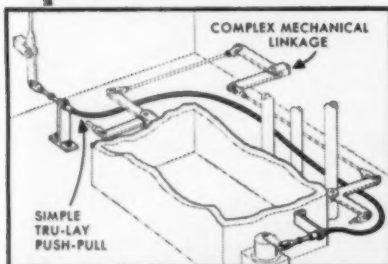
.... a complete line of equipment for heavy earthmoving, mining, logging and many industrial operations

TRU-LAY PUSH-PULL REMOTE CONTROLS

make hundreds of
products more useful
... more salable

Bulletin DH-461 offered below shows how the Precision Construction of these PUSH-PULLS provides sustained accuracy, lifetime service and improved operating characteristics for literally hundreds of products (ranging from relatively delicate photographic equipment to the roughest and toughest dirt-moving equipment) to make them more useful... more salable.

Here is a picture of
SIMPLICITY vs COMPLEXITY



Tru-Lay Push-Pulls are simple... have only one moving part... provide lifetime service, lifetime accuracy, low overall cost... and they are noiseless. We have never heard of a Tru-Lay Flexible Push-Pull wearing out in normal service.

Mechanical Linkages, as shown dotted in the drawing, are complex, have many parts, many points of wear to create increasing back-lash with loss of accuracy and multiple vibration rattles.

Write for
BULLETIN DH-461

for a clear picture of how the flexibility of Tru-Lay Push-Pull Remote Controls simplifies design and assembly... cuts costs for Engineering and Production.



AUTOMOTIVE and AIRCRAFT DIVISION
AMERICAN CHAIN & CABLE

601-A Stephenson Bldg., Detroit 2
6800-A East Acco Street, Los Angeles 22
929-A Connecticut Ave., Bridgeport 2, Conn.

Soviet-built steel mill at Bhilai and a companion training program in the U.S.S.R. The foundation at first was hampered in its efforts by opposition of U.S. steel companies to private help for foreign steel projects. But through the intervention of Benjamin Fairless, retired chairman of U. S. Steel and president of the American Iron & Steel Institute, U.S. companies agreed to cooperate.

The foundation's technical assistance programs have not been quite so successful in Burma, Indonesia, and Pakistan. That's partly because none of these countries had either the qualified civil service or the strong education system India had—or the political stability. But in Burma, the foundation has managed to remain afloat despite a strong neutralist tide that forced the U.S. government to abandon its aid program. And in Pakistan, the foundation has made real contributions in rural development, technical education, and has helped set up a national planning board.

In trying to promote economic development in the Arab countries of the Middle East, the foundation has been handicapped by the political tensions of the last few years and by its efforts to operate from a central base in Lebanon. It is now moving away from a regional approach in the Arab world and starting to operate on a local basis, as it has in South and Southeast Asia.

• **African Project**—Nevertheless, the foundation plans to run its African program (as well as the one planned for Latin America) on an area basis. It will lavish its grants entirely on education. The aim will be to help train Africans in the arts of public administration, industrial management, and education itself.

Some officials of the foundation complain that the benefits are too long-range and the program entirely too "professional." But even these critics have to credit the foundation with starting its program in Africa before the State Dept. got around to creating an Assistant Secretary of African Affairs.

The Ford Foundation's International Affairs program, which only took shape in 1956, has less clearly defined objectives than the technical assistance program. But it has the advantage of operating almost entirely in a small geographic area—Europe. And its top officials got their foreign experience in the administration of the government's Marshall Plan, which has prepared them to dive into any problem that has, in their lingo, "political relevancy."

Back in 1951-53, before it organized its International Affairs division, the foundation made several grants to help start the Free University of Berlin and to resettle refugees from Eastern Europe. These grants foreshadowed the

PREVENT PANIC!

when lighting FAILS
be
prepared
with

*Big
Beam*

AUTOMATIC
EMERGENCY LIGHTS

When your BIG BEAM Emergency Light is plugged in, you're safe. It lights automatically when lights fail. Gives hours of brilliant light.



Hand Lamps • Flares

Wide range of electric hand lamps and flares. Write for bulletin on BIG BEAM line.

7027

U-C-LITE MFG. CO. 1074 W. Hubbard St.
Chicago 22, Illinois

Canada: Bernard Marks & Co., Ltd., 70 Claremont St., Toronto 3, Ont.

WHEN DO THE Fireworks START?



The fireworks start after you've had an office fire and discover you've lost all your records. For it's a horrible fact that 43 out of 100 firms losing their records in a fire never reopen. Is your safe modern? If not, get busy buying a Meilink A label safe. There is no safer safe in the whole wide world. See your Meilink dealer or write for folder to Meilink Steel Safe Company, Toledo 6, Ohio.

with **MEILINK** it's for keeps

Most complete line of safes and insulated products

new division's present interest in politically sensitive areas and problems.

• **Balance Act**—The foundation, for example, recently has been involved in a delicate balancing act (much like the State Dept.) between the European Common Market and the British-sponsored Free Trade Area. First, the foundation made grants to support the formation of the Common Market and to train its administrators. Then, as serious French-British differences began to emerge over FTA, the foundation made a grant to a British organization, giving it the job of searching for some way to break the logjam on FTA.

The foundation's International Affairs program also operates behind the Iron Curtain. One of its projects makes it possible for Polish economists and officials to visit this country and Western Europe. Another helps finance exchange visits of U.S. and Soviet university personnel. In addition, the foundation operates an exchange program with Yugoslavia.

• **Training Job**—The Ford Foundation's third international program is carried out by its International Training & Research division. The grants made under this program go to a wide range of American universities and finance studies on many foreign countries. At present, the foundation is setting up an institute in the U.S. to train Americans to teach English as a second language in many parts of the world. The foreign demand to learn English is tremendous, says the foundation, but the number of Americans trained for the job is negligible.

BUSINESS ABROAD BRIEFS

The Soviet Union has ordered a reported \$505,000 worth of chemical plant equipment from Britain's Francis Shaw & Co., Manchester. The company says the order calls for equipment for making polyethylene film and plastic sheeting.

A \$50-million petrochemicals complex will be built in Australia with U.S. and Australian capital. Four plants—to produce GRS-synthetic rubber, polyethylene, polystyrene, and butadiene—will be erected near Melbourne. Completion is scheduled for mid-1961. Australian subsidiaries of Standard-Vacuum Oil and Union Carbide Corp. will participate in the venture.

Venezuela is getting a new plant to make aluminum tubes and shapes, and local investors own 40% of the \$1.8-million equity in the new company. The rest of the ownership is split between Aluminum Co. of America and Montecatini of Milan, Italy.



IN MOA ALL FOUR CLIMATES ARE FAVORABLE TO INDUSTRY

METROPOLITAN OAKLAND AREA, on the sunny mainland side of San Francisco Bay, offers you:

1. Mild equable climate that cuts plant costs, ups production.
2. Excellent rail, steamship, air and highway transportation.
3. Markets. In METROPOLITAN OAKLAND AREA you're only overnight to 17,000,000 consumers.
4. Governmental climate is favorable, too. Officials on every level have a cooperative attitude toward regulations, zoning, taxes.

WRITE TODAY for free FACTFILE with detailed information on markets, building costs, labor supply, water, fuel, power, living conditions. *No obligation. Strictly confidential.*

METROPOLITAN
OAKLAND
CALIFORNIA **A**REA

Suite 403
1320 Webster Street
Oakland 12
California

Metropolitan Oakland Area is located on the sunny mainland side of San Francisco Bay, comprises all of Alameda County

ALAMEDA • ALBANY • BERKELEY • EMERYVILLE • FREMONT • HAYWARD
LIVERMORE • NEWARK • OAKLAND • PIEDMONT • PLEASANTON • SAN LEANDRO
RURAL ALAMEDA COUNTY

GROW WITH THE GROWING GIANT OF THE WEST... **MOA!**



1. You start saving the minute you buy your beautifully proportioned new Thunderbird-inspired Ford. For Ford is lowest priced of the most popular three.



2. Ford handles beautifully even over the roughest roads. And you're completely surrounded with the exclusive safety of Ford's Lifeguard Design.



3. Here's trunk space you can get at easily . . . BIG space with low-level trunk opening that gives you the easiest loading and unloading in Ford's field.

Save as you go!

These 59 Fords work wonders with any fleet budget. They not only save you plenty when you buy (lowest priced of the most popular three), they *keep on* saving you plenty as you go!

Like the way they use *regular* gas for a savings of up to a dollar on every tankful. The way they go 4000 miles without an oil change. The way their new aluminized mufflers normally last *twice* as long as the conventional type on most other cars. The way their brilliant new Diamond Lustre Finish *never* needs waxing or any special care. There never was a car that made better fleet dollars and sense than Ford for '59.



4. You can count on spectacular Ford savings in gas (use regular), oil (go 4000 miles without a change) and upkeep (mufflers last twice as long and superior finish lasts forever).

5. Here's the car built for savings *and* for people. It's one car that makes getting in and out easy. Inside, there's more room and comfort . . . more than enough room for legs, shoulders, hips—yes, even hats!

59 FORD FLEETS



In the Markets

• • •

Bonds Hover Near January Lows, Market Expects Year of Low Prices

With the Treasury's \$14.9-billion refunding operation out of the way, the bond market this week hovered just above the lows it touched early in January. Most bond dealers expected little change over the next month, for corporate borrowings are not expected to be heavy and investor demand has shown no signs of picking up.

The fact is that the market expects lower prices—and higher interest rates—over the next year. There is little fear of any steep climb in rates, but as long as rates are pointing up, investors are mainly sticking to short-term or readily marketable issues. In effect, bonds are looked upon as a haven for surplus cash, not as a means to profit.

The Treasury's new issues—a one-year certificate at 3½% and a three-year 4% note—validate the stiffening of short-term rates. In refraining from offering another long-term bond, the Treasury was obviously seeking to avoid another shock to the market. Its move was a relief to the long-term market, but the refunding itself was hardly a success. As long as the market feels that rates are headed higher, selling debt obligations, short or long, is itself an uphill struggle.

But it is significant that observers do not expect any run away of interest rates. One dealer pointed out that corporate bonds with a non-call provision are selling at small premiums, an indication that investors are satisfied with today's level of rates provided that they are guaranteed.

• • •

Another Closed-End Trust "Opens Up" On a One-Shot Basis in Buoyant Market

Another closed-end trust is "opening up" on a one-shot basis to broaden its base for capital appreciation. Central-Illinois Securities Corp. shareholders will be asked to approve an additional 200,000 common shares and 262,533 more convertible preferreds. Unlike a mutual fund, a closed-end trust has a set number of shares.

Three other closed-ends—Madison Fund, National Shares Corp., and General Public Service Corp.—widened their capital base last fall. Each, like Central-Illinois, found conditions ideal for selling new shares because of the market's buoyancy and the trend toward narrower discounts for closed-ends—the difference between the trust's asset value per share and its market price.

Getting new money for the closed-end trusts can be rugged, but it's often necessary. Without periodic infusions of capital, some closed-ends find themselves stagnating, unable to invest in new favorable situations. It's particularly troublesome for those hybrid funds that don't continuously offer new shares, but stand ready to redeem shares. Some of these latter funds have had

MORE NEWS ABOUT THE MARKETS ON:

- P. 76—Danger signs for stocks?

• • •

Speculative Rail Bonds Continue To Move Up More Than Governments

This week, in contrast to the rest of the bond market, so-called secondary—or speculative—railroad bonds moved up smartly in response to favorable earnings reports and continuing merger talks by several lines.

Bond men point out that lower-grade rail bonds have always tended to respond to stock market movements. According to Moody's Investors Service, the rally in rail bonds since last November should continue as long as the rail picture remains bright. It hasn't been a spectacular rise, amounting to only a couple of points, but in the same period U.S. governments dropped to 30-year lows.

According to Mason Bogan, rail analyst for H. Hentz & Co., there has been much speculative buying in this group, principally by investors who, having taken profits in the stock market, are attracted by yields that often exceed 8%.

• • •

The Markets Briefs

This week, Newark's big Prudential Insurance Co.—which for years has fought for variable annuities (BW—Jun.28'58,p110)—took heart as the lower house of the New Jersey legislature passed a legislative package including permission to market variable annuities. These bills have passed the New Jersey House many times before, only to die in a state Senate committee. But this year, supporters say chances of getting the bill to the floor of the Senate—where passage is likely—are better than ever.

Sparked by the sharp recovery of corporate profits in the second half of 1958 (page 16), dividend payments last year were off less than 1% from record 1957 levels. The Commerce Dept. reports that, despite the recession, total cash payouts reached \$11.9-billion, about \$77-million below 1957 figures. Standard & Poor's says January, taking seasonal factors into account, was the most rewarding month for shareholders in two years: There were 101 dividend increases and 100 extras.

Lukens Steel, one of the big speculative favorites in the last days of the 1955-57 bull market (BW—May4'57, p40), went on another tear this week. On Tuesday, it ran up 9½, hitting \$85.62, a new 1958-59 high. Behind the move were rumors of a stock split as well as an alleged merger with Universal Cyclops Steel. But both were flatly denied, and the stock sold off sharply.

POSITIVE CONTROL OF MATERIALS IN MOTION



Cut processing costs . . . Increase your profit margin with OMEGA continuous feeding systems

Today, you can beat the profit squeeze — make a better product for less money. An Omega Continuous Loss-in-Weight Feeding System for liquids and solids gives a strong competitive advantage to a processor of food, chewing gum, paper, plastics, rubber, soap, bleach, explosives, rocket fuels or other multi-component products.

Performance proven Omega systems cut direct labor costs with continuous, push button operation — save materials through accuracy within $\pm 1/2\%$ of set feed rate — give instant production flexibility to meet changing market demands.

With nation-wide sales and service, an experienced engineering staff and a materials testing laboratory, B-I-F serves all industry with systems and equipment for precise metering, feeding and controlling of process materials in motion. Request literature.

Write B-I-F Industries, Inc., 549 Harris Ave.,
Providence 1, Rhode Island.



B-I-F INDUSTRIES

BUILDERS-PROVIDENCE • PROPORTIONEERS • OMEGA

Stock Seesaw . . .

. . . has Wall Street split
—but only on the question of
whether new highs will come
before or after a dip.

The stock market averages bounced aimlessly this week, apparently unable to decide which way to go. But the betting is that stock prices will, sooner or later, be at higher levels.

The market's indecisiveness is shared by Wall Street itself. Some analysts feel that the failure of the averages to break through to new high ground means that a decline is in the offing. But even these feel sure it will be relatively minor, offering investors fresh buying opportunities.

Another school thinks that a decline, even of moderate proportions, is unlikely until the market breaks into new territory. This group holds that even the slightest dip in prices brings out new buying power, and that it is only a matter of time before the Dow Jones industrial average climbs above 600.

This split of opinion is not unusual with a market close to its all-time high. The difference between the two schools of thought is mostly a matter of degree. Even those who look for a decline expect the market to reach new highs this year. But they expect a dip first.

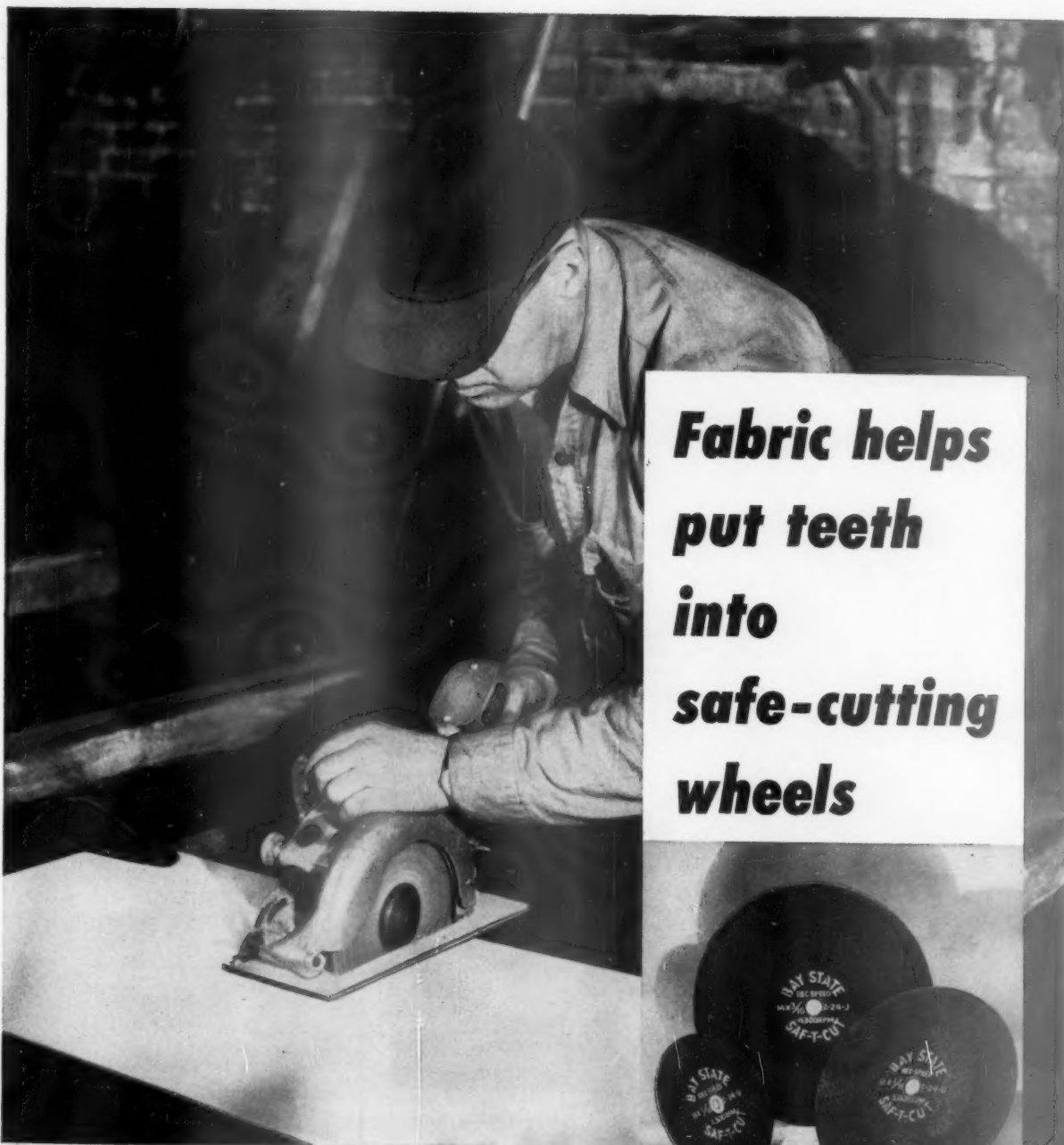
• **Cautious Ones**—There are in fact very few outright pessimists among the analysts. The few that look for a big decline were caught off base by the 1958 resurgence of the bull market. So little heed is paid to them.

But a few sophisticated investors have grown more cautious. It was learned this week, for example, that one New York bank with a considerable amount of trust business is cutting down the proportion of equities it holds in its accounts. And U.S. & Foreign Securities Corp., a \$123.2-million closed-end trust which has not made any new purchases of equities since 1956, said this week it thinks "stock prices are too high."

• **Signs**—While most analysts think that the market will climb higher, they concede that investors can no longer buy indiscriminately, they do not argue with those who say that by all historical precedent, today's market is high.

For example, stock yields now average just over 3%, while government bonds are available at yields of 4%, and medium quality tax-exempt municipals can be picked up at prices yielding about 4%. Stocks are selling at an average of over 20 times 1958 earnings, and about 17 times estimated 1959 earnings.

These yield and price-earnings rela-



Fabric helps put teeth into safe-cutting wheels



*Saf-T-Cut wheels by
Bay State Abrasive Products Co., Westboro, Mass.,
use Wellington Sears nylon fabrics.*

Steel, transite, channel iron—Bay State abrasive cut-off wheels do many kinds of cutting jobs with speed and safety. Dense bond of grit to a rugged base fabric provides high durability, eliminates danger of the wheel flying apart. The fabric here, as in so many tools used by

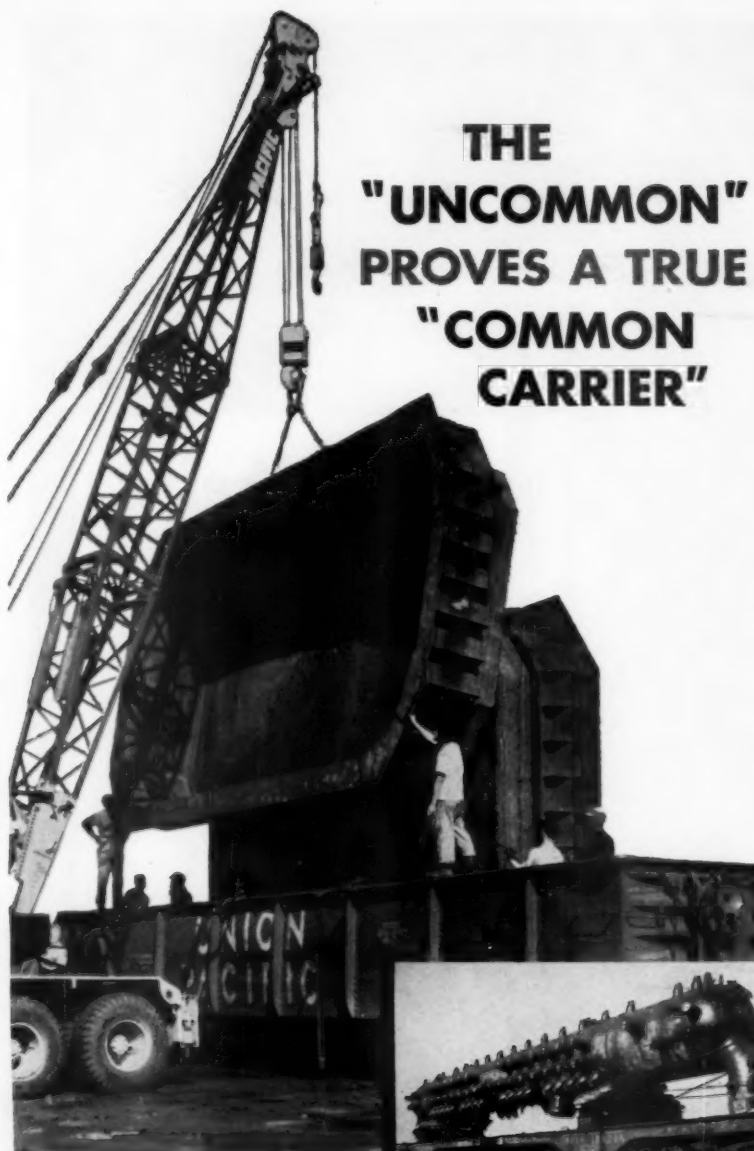
industry for over a century, is supplied by Wellington Sears. Whether your fabric problem relates to product or process—improvement or totally new development—call us for the experience you need to solve it. For free booklet, "Fabrics Plus," write Dept. C-2.

Wellington Sears Company *FIRST In Fabrics for Industry*

For the Rubber, Plastics, Chemical, Metallurgical, Automotive, Marine and Many Other Industries

**WELLINGTON SEARS COMPANY, 111 West 40th Street, New York 18, N. Y. • Atlanta
Boston • Chicago • Dallas • Detroit • Los Angeles • Philadelphia • San Francisco • St. Louis**



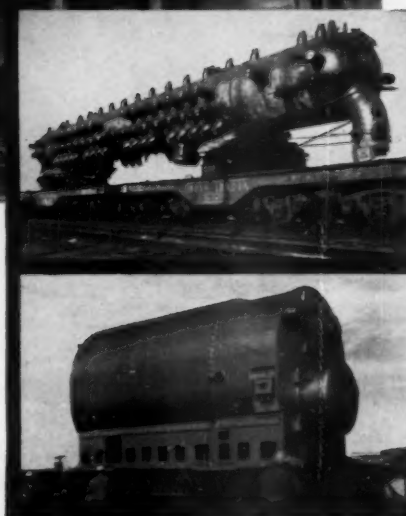


THE "UNCOMMON" PROVES A TRUE "COMMON CARRIER"

Most shipments are handled with everyday ease. But from time to time shippers come to us with problems in transporting "the unusual."

Our freight experts enjoy the challenge of these unusual shipments. Here is proof that Union Pacific is a true "common carrier"—we will handle any shipment sent our way.

You need not wait until you are stymied by a problem shipment, to ask our help in your shipping. Transporting your products smoothly across the West is a business we do well. Call any of our traffic offices for a freight expert to work with you.



**UNION
PACIFIC**
Railroad
OMAHA 2, NEBRASKA

tionships are normally danger signs. But now they are being shrugged off. Many technicians feel the market can ignore the "normal" relationships for a considerable period before running into trouble. Even more important is a definite feeling that the economy is undergoing fundamental structural shifts that support lower yields and higher price-earnings ratios.

This may be only rationalizing the new heights reached by the stock market. But a lot of analysts are persuaded that investors will pay more for stocks because, since World War II, most companies have proved that they are able to resist declines and maintain a very handsome growth rate. The widespread notion that the economy has an inflationary bias has also led to a strong shift in favor of appreciation rather than income, and toward common stocks, which provide growth.

• **Patterns**—But it is doubtful that stocks can continue to rise without some reactions. For one thing, investors do not have unlimited buying power. So far, at least, there has been no sign that buying power is exhausted, but stock brokers report that many customers are fully invested, and merely shift from one issue to another.

Still, when the market suffered a sharp drop last week, investors came in to bid up prices again. This has been the pattern ever since the bull market resumed last spring. Until there is a definite evidence of economic trouble a real market relapse is unlikely.

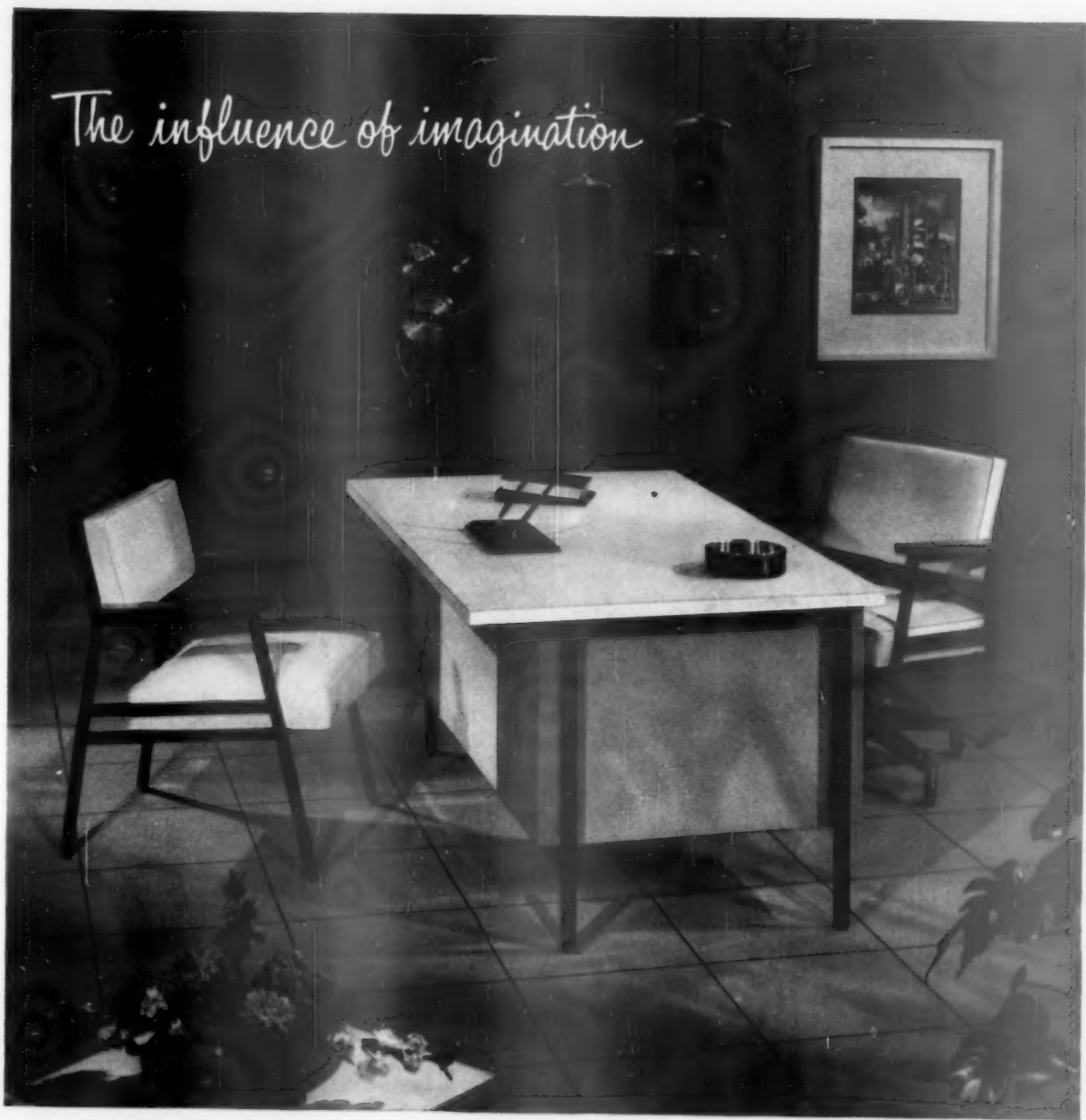
• **Speculative Portents**—Though most analysts think prices will go even higher, they are also watching for signs of a "flight from reality." Brokers say that customers are interested in growth, but are not "buying promises alone but performances."

This may be true, but high stock prices have meant increased speculative activity of the kind that can eventually produce unrealistic prices. There has been a big increase in buying of low-price shares.

The increase in speculative activity has also been spurred by stock splits. There were at least 20 splits in January alone, compared to 63 all last year. Announcements or rumors of stock splits have led to heavy speculation, which could get out of hand. But one analyst described the stock splits as normal in a rising market, and added, "more should be coming along."

• **Psychology**—Most analysts say that psychological factors, as well as the improving economy, support higher stock prices. As one analyst summed up: "There's no disposition to put funds in bonds, which have fallen in price as interest rates have gone up. Investors want capital appreciation, and as long as the demand for stocks is maintained, they'll get it."

The influence of imagination



Modern office living, interpreted by Steelcase

Here are two of many settings in the new Steelcase 1300 series.

For the first time, the full resources of contemporary design and engineering — fired by imagination — have been brought to focus on the modern office. The result: office furniture with a fresh new beauty, crisp efficiency . . . yet sensibly priced. Steelcase Inc., Grand Rapids, Michigan. In Canada: Canadian Steelcase Co., Ltd., Don Mills, Ontario. Consult the Yellow Pages for your Steelcase dealer.

FOR YOU: On request, a set of 12 full-color 1300 line prints. Just address Department B.



STEELCASE INC



Above: "Buffalo" Fans supply air for Socony-Mobil Building. Above right: Hundreds of power plants depend on "Buffalo" Draft Fans. Center: Radomes inflated by "Buffalo" E Blowers. Lower right: S.S. United States ventilated by "Buffalo" Fans.

FAN·tas'tic *adj.* Imaginary, unreal ... Webster

The variety of jobs done by fans today might seem fantastic. Small "Buffalo" Type "E" Blowers inflating radomes to shelter radar in the Arctic. "Buffalo" Fans supplying all the air to ventilate the world's fastest ocean liner and the world's largest air conditioned office building. "Buffalo" Fans delivering tons of air at high temperatures and pressures for generating power. These are just four examples.

Every air job is different — yet all volume, pressure, temperature and installation requirements are met exactly by built-to-order "Buffalo" Fans.

80 years' experience, plus full engineering, testing and manufacturing facilities are your assurance of *every* air job well done when you call on "Buffalo" and its *complete* line of fans.



BUFFALO FORGE COMPANY

BUFFALO, NEW YORK

Canadian Blower & Forge Co., Ltd., Kitchener, Ont.

VENTILATING AIR CLEANING AIR TEMPERING INDUCED DRAFT EXHAUSTING FORCED DRAFT COOLING HEATING PRESSURE BLOWING

PERSONAL BUSINESS

BUSINESS WEEK

FEB. 7, 1959



There's been a rash of news lately about health insurance for the 65-and-over age group—for example, the much advertised "65-Plus" hospitalization plan (BW—Jan.31'59,p33).

If you're close to retirement age, these special new insurance contracts may look appealing, despite their limited dollar benefit range. But you'll want to examine the pros and cons.

If your company's group policy can be converted so that it covers you on an individual basis after retirement, you'll have about as much or more coverage as you would get under one of the new 65-and-over plans. (Conversion in the past has been very limited, except with Blue Cross; now similar outfits are being pressed to extend group coverage to retirees.)

But if you can't convert (or if your company has no group plan), you may want to consider the new types of policies. Some of the large life insurance companies, like Prudential, now offer guaranteed renewable health coverage—provided you are not yet over 60, or in some cases 65, and are in good health when you sign up.

Or, if you are over 65, some other companies—such as Chicago's Continental Casualty, and Mutual of Omaha—will accept you for coverage, even without health examination.

Both types of policies are non-cancelable, despite the number or amount of individual claims. Their big drawback—at least for the upper bracket person who would be apt to run up higher medical bills than average—is that they fall short of eliminating the financial pain of a hospital stay.

For example, take Continental's 65-Plus plan: It provides hospitalization costs up to \$10 a day for 31 days per confinement, \$100 maximum for hospital fees, and \$200 maximum surgical. Cost: \$78 a year for one person.

But if your after-retirement income will be high, you may make out better if you pay your own medical expenses and then take your allowed tax deduction. Under revised tax laws, if either you or your wife are 65 or over, you can deduct all your medical costs—not just those in excess of 3% of adjusted gross income.

If you are approaching age 65 and retirement, also note that the Social Security Administration now is encouraging people to check in at their regional S. S. office two or three months before retirement day. Idea is to file your claim for benefits and get all paper work cleared up to avoid hitches and delays in payment.

If you expect to make such a call in 1959, and are now an employee, take along proof of 1958 earnings—form W-2 is best. If you are self-employed, you will have to submit copies of your tax returns for 1957 and 1958, plus records showing that you paid the Social Security tax.

You also will need formal proof of age. If you can't dig up a birth certificate, use the oldest record of age you have, such as a family Bible, marriage record, or World War I service record.

For a concise review of the increased Social Security benefits that became effective this week, write to Personal Business Dept., Business Week, 330 West 42 St., New York 36.

Has the current boat show season started you thinking about buying a new cruiser or saller? If you want to finance the purchase, you'll find the going much easier now than a few years ago.

PERSONAL BUSINESS (Continued)

BUSINESS WEEK

FEB. 7, 1959

An installment contract usually can be arranged through the dealer, or with your own bank or other lending institution. However, a higher priced craft—say \$15,000 and up—probably means going through a bank.

While bank policies vary somewhat, you can finance a boat purchase these days at almost any fair-sized bank that does installment lending.

Usually you can borrow up to two-thirds or three-quarters of the purchase price. The rate averages from 3½% to 6% a year on the unpaid balance, with the effective rate from 6% to 12%.

Generally, the maximum term for a boat loan is 36 months.

A lender requires that you have an all-marine insurance policy that covers the boat in and out of the water (including time in transit).

All-marine coverage for a \$50,000 craft, for example, runs about \$1,000 a year. But you probably would want to buy such a policy anyway.

There's a possible means of saving to keep in mind when you talk with your banker: Get a personal loan backed by negotiable collateral, rather than a loan secured by a lien on the boat. Obviously, if you put up stocks or bonds, or a passbook, you're entitled to a better loan rate, maybe about 5% or 6% simple interest.

A number of marine specialists finance boat purchases, and sometimes you'll find they're able to broaden insurance coverage and save you premium costs if financing and insurance are arranged through them as a package deal. When financing through a bank, you can, of course, select your own insurance broker and probably get a lower loan rate.

Yacht leasing—usually for \$15,000 to \$50,000 craft—is also getting more attention these days. Under this arrangement, you pay four or five months' installments in advance, and then the regular monthly fees, which are about equal to purchase payments. Insurance costs, however, are assumed by the owner.

New credit card trend? Diners' Club has announced a deal whereby its members now can charge theater tickets to shows produced by one of Broadway's leading theatrical firms, The Producers Theatre. Current attractions available: *A Touch of the Poet*, and *The Cold Wind and the Warm*, dramatic successes, and the musical, *Goldilocks*.

Winter solace: Alcoholic beverages, contrary to what you may suppose, may be the worst treatment for a chilled person.

The body temperature actually falls as a result of imbibing alcohol in a cold environment, reports the Pennsylvania State Medical Society. Wait until the chilled person has been thoroughly warmed before giving him a "warming" nip.

Speaking of warming nips, you might try a hot vodka toddy. To make it, dissolve lump of sugar in hot water; add jigger of vodka, ½ oz. ginger brandy, a twist of lemon peel; fill mug two-thirds full of hot water.

Warning to cat fanciers: A diet of all-red-tuna canned food may poison and eventually kill a cat, according to a team of veterinarians at the Angell Memorial Animal Hospital, Boston. The study was reported in the *Journal of the American Veterinary Medical Assn.*

Right off the

Wire

1. A new teletypewriter can print 3,000 words a minute and has a theoretical top speed of 500,000.

⌘

2. Work has begun on a pilot model of a device for generating electricity from the controlled fusion of hydrogen at a temperature of about one hundred million degrees.

⌘

3. A new industrial pump has a piston that moves only a fraction of an inch, but at the rate of sixty cycles per second. It has no outside openings and cannot leak.

⌘

4. The "world's first" atomic house heating installation is being built underground in a suburb of Stockholm.

⌘

5. "Hydrogasification" is a one-step process that produces gas directly from oil shale with an efficiency of over ninety per cent.

⌘

6. A radar target made for small boats reduces the risk of their being run down by large vessels and also makes it easier for them to be found when in distress.

⌘

7. Heat radiation in amounts as small as one-twentieth of a billionth of a watt can be detected by a new instrument.

⌘

8. A traffic signal on wheels is battery operated and can be set up anywhere.

⌘

9. Tire treads made of a new synthetic rubber are said to be forty percent more durable than those made of natural rubber.

⌘

10. Power is transmitted to two of the world's largest coal-digging machines through 3 conductor, 7500-volt, Simplex TIREX shovel cables.

11. One hundred and twenty-five skilled workers will be replaced by a new automatic tester for transistors which will also make fewer errors.

⌘

12. A new metal-working plant will be air-tight and metals will be fabricated at high temperatures in an atmosphere of argon.

⌘

13. A three-dimensional mobile radar shows the direction, distance and height of aircraft.

⌘

14. A battery charger for outboard motors uses the generator of the towing car while the boat is on the trailer.

⌘

15. Earphones that cancel outside noises by creating neutralizing sound waves are being used experimentally by the Army.

⌘

Further information on these news items and on Simplex cable is available from any Simplex office. Please be specific in your requests.

⌘

16. Homes may be lighted, heated and cooled electrically by means of a type of panel now being developed.

⌘

17. A reading aid for the blind translates each printed letter into a different musical note.

⌘

18. An underground hospital is to be built which will have 650 beds. It is to be completed in 1960.

⌘

19. Molten sulphur will be pumped up from a depth of 2,000 feet under the floor of the Gulf of Mexico. The installation is being made seven miles off the Louisiana coast and the liquid will be pumped to shore for refining.

20. New gallery-type railroad passenger coaches and parlor cars are being used for medium-haul service. The bi-level streamliners, designed for high capacity and low weight per seat, use Simplex Car Wire throughout.

⌘

21. Growing under artificial sunlight, a new strain of algae multiplies a thousandfold in a day.

⌘

22. Fungi may have been the first living space travelers. It has been found that some spores can exist in a vacuum equal to that in interplanetary space.



Transatlantic Concert

One of the most notable musical events of all time took place recently at the United Nations building in New York. The concert, featuring the Boston Symphony Orchestra and distinguished musicians from Paris and Geneva, was highlighted by the performance of Pablo Casals, world-famed violin-cellist. This epochal musical treat was telephoned to seventy-five countries by the Bell System, over the transatlantic submarine cable, the American portion of which was made by Simplex.

SIMPLEX WIRE & CABLE CO.
Cambridge, Massachusetts and
Newington, New Hampshire

Simplex

Highest quality cables for: Mining
Power & Lighting • Construction
Transportation • Communications
Signalling



NEW GOVERNOR, Michael V. DiSalle, finds surplus gone, new funds a necessity.

Ohio Fights

Its problem of finding new tax sources, and stepping up its programs to make up for lost time typifies what all states face.

The 46 state legislatures meeting this year are being squeezed between the jaws of a vise with a force unequaled for years.

Like Ohio's General Assembly and governor (cover and picture), other state governments are pressed on one side to scrape up more money for existing programs—roads, mental hospitals, school aid, universities, prisons, welfare. On the other, they are pushed to embark on broad new programs.

State government spending has already soared until it now exceeds \$25-billion a year. But still the states must spend more. This week, for example, New York's Gov. Nelson Rockefeller presented the legislature with his state's first \$2-billion budget, along with \$275-million of tax boosts.

• **Taxes and More Taxes**—In a nation whose population will not stop expanding or moving, and which has come to expect more social legislation from government, the states are hard put to finance the services they are called on to provide.

Most states can no longer fall back on the fat surpluses built up during World War II and Korea, when they couldn't spend money on capital improvements. Nor can they, even if they want to, borrow unceasingly. They have to face up to new or higher taxes.

Had it not been for last year's recession, they might have put off the day. But the recession cut tax receipts below estimates for the first time in recent memory, while increasing pressure to spend. So this year, state tax legislation is expected to be heaviest since 1955.

What dismays state governments as they seek more tax revenues is this: Though they take the political rap for higher taxes, less than two-thirds of their general expenditures are paid out directly by the states. The rest goes indirectly in the form of state aid to local governments—and it is these that get the major credit for schools, local roads, welfare payments.

• **Slow to Move**—Similar pressures are shoving states toward new fields of activity—combating water and air pollution; aid to dying industrial, agricultural, and mining communities; land use planning to prevent waste of land. There are moves for broader grants of authority to cities to permit them to cope with booming population, for realignment of metropolitan area govern-

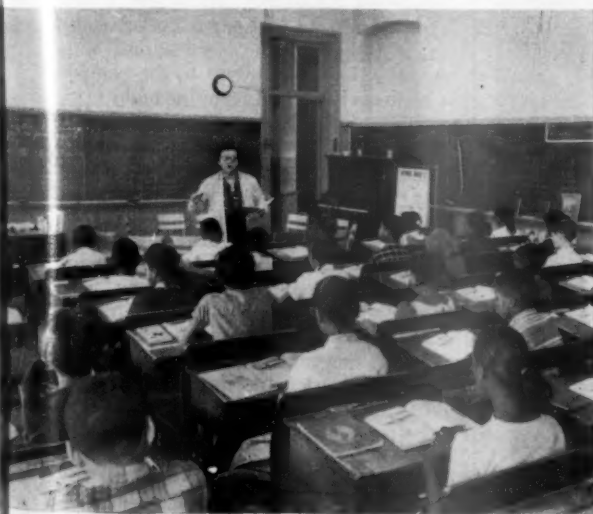
ts Squeeze That's Gripping States



HIGHWAYS take biggest slice of Ohio's state expenditures. After years of good farm roads but neglect of major highways, state has huge construction program under way. Federal 90% subsidy for interstate routes helps with urban freeways.

SCHOOLS get second biggest chunk of Ohio's money, in aid to 1,020 local districts; growing population, relatively low pay, big classes pile up problems.

MENTAL HOSPITALS, as in many states, are crowded and understaffed; but bond issue is expanding them. Currently the discharge rate is ahead of admission rate.



ments, for cooperation with neighboring states in these areas.

If states don't jump into such programs, that won't be surprising. Traditionally, states have failed to make use of all their power; they have become weaker as federal and local governments responded more quickly to demands upon them.

States have been slowed down by incredibly detailed constitutions—Louisiana's, for example, runs to 200,000 words, has 356 amendments, against the U. S. Constitution's 7,000 words, 22

amendments. Legislatures, usually meeting only every two years, have little time to get acquainted with issues. Failure to reapportion seats to reflect population changes has made for a narrow outlook; in a society becoming emphatically urban, most state legislatures remain ruraly oriented.

• **Typical**—All over the country, state legislatures are digging into these problems. The best way to understand what they face is to take a close look at one representative state. Ohio, as a state, is fairly typical—and its billion-dollar prob-

lems are typical, too: continued population growth (one-third of it by immigration from other states), the need to raise more revenues for operations, capital outlays, and local aid.

I. Legislative Leadership

But if Ohio is typical, it has its own special circumstances, too; and it's necessary to take a quick glance at the particular way in which it has tackled its problems.

In Columbus, the state capital, peo-



**Lion in
your
path?**



The Fuji Bank Ltd.—Japan's largest, and friendliest, commercial bank—can help you remove obstacles to trade and commerce throughout the Far East.

Our New York Office is at 42 Broadway—in London, Finsbury Circus—where a vast knowledge of the Far East and a warm welcome await you. Domo arigato gozaimasu.



THE FUJI BANK LTD.

Founded in 1880

Head Office: Chiyoda-ku, Tokyo

Overseas Offices:

187 Branches throughout Japan New York • London • Calcutta

Ireland welcomes your INDUSTRY BY OFFERING YOU...

- 100 PER CENT EXEMPTION FROM TAXATION ON EXPORT PROFITS FOR 10 YEARS*
- SUBSTANTIAL NON-REPAYABLE GRANTS FOR COST OF NEW FACTORIES, MACHINERY, ETC.
- A GUARANTEE OF FULL TRANSFER OF CAPITAL AND DIVIDENDS IN DOLLARS

And there are many other benefits to be gained from locating your industry in Ireland: ready access to export markets where Irish products enjoy special advantages; excellent facilities for raising industrial capital; an abundant labor force and a reasonable level of wages; ample electric power and transport facilities; an economy based on private enterprise. Since January, 1957, some 50 overseas industrialists have started operations in Ireland.

*25 years for industry located at Shannon Custom-Free Airport.

If your company is interested in the vast European market, contact:

Cyril Count McCormack, U. S. Director

IRISH INDUSTRIAL DEVELOPMENT AUTHORITY

33 East 50th Street, New York 22, N. Y. Eldorado 5-4637



ple find it hard to remember a governor who provided firm leadership, or an assembly that didn't try to step into the vacuum. This has been a matter of both personality and circumstance. During the war, shortages prevented capital improvements, while the new 3% sales tax fattened the treasury; right after the war, everyone's mind was on consumer goods, not schools and roads.

Democrat Frank J. Lausche had hardly begun his second term when Korea brought new restrictions. But in his next three two-year terms, with materials again plentiful and prosperity on the rise, he showed no desire for innovation, was content to conserve what remained of the wartime surplus. Republican C. William O'Neill raised great hopes at his 1957 inauguration, but bogged down in vacillation and a desire to avoid controversy, then ran up against the recession and saw the \$100-million surplus evaporate.

Last November, switching to a four-year term for its governors, Ohio swept in Democrat Michael V. DiSalle, one-time mayor of Toledo and federal price administrator, and a Democratic assembly, for the first time since 1948. Now the assembly seems to be under control again. It had taken the bit in its teeth under Lausche, and O'Neill could never get a firm grip on the reins.

• **Achievements**—So it was that the significant programs of recent years were started on legislative initiative:

- Over Lausche's objections, the assembly voted to submit to the people a \$500-million bond issue for highways, a \$150-million issue for mental hospitals, prisons, universities, schools in distressed areas. Both passed.

- A new program of state assistance to school districts changed the arithmetic of the basic formula to allow—but not compel—school boards to pay teachers more and to hold down size of classes. It also provided for more consolidation of uneconomic districts.

- An agency was set up to plan capital improvements six years ahead.

II. Symptoms of Change

If Ohio finally has a governor capable of leading, and an assembly willing to work with him even on politically risky ventures—and such is the feeling during Mike DiSalle's honeymoon days—the time is none too soon.

Through years of low taxes, needs have been accumulating. For every category of state services, Ohio has been spending less than the national average. Ohio ranks ninth in per capita personal income, but over 30 states spend more per capita.

In the current year, Ohio is spending \$918-million—including appropriations, special funds, bond money. The biggest chunk, \$303-million, goes for highway

construction and operation. Another \$184-million goes to local school districts. Mental health operations get \$75-million; aid to the aged \$70-million.

• **Conservative**—The results of low per capita spending—which stare at assembly and governor today—were predictable: too many school children per teacher, an unusually high proportion of teachers quitting for better pay, inferior major highways (but good rural roads), crowded and understaffed mental hospitals, underpaid state employees.

A good part of the reason goes beneath party labels to the fundamental conservatism of Ohioans—in city or on farm. They don't want the government to tax away the savings and estates built up through generations.

So the new Democratic assembly and governor are unlikely to reverse the trend drastically. The Democratic sweep, says House Speaker James A. Lantz, was "no mandate to spend."

• **Slight Switch**—What's likely to come is a legislative program with a new liberal tendency on issues where little or no public funds are required—fair employment, aid to the aged—and conservative where costs are high.

This slight switch to the left would reflect the slow-moving but clearly discernible changes which the economy of Ohio, as of other states, has undergone. The trend to fewer, larger farms with fewer hands has sent farmers to work in cities. Industry's expansion has scattered plants over the landscape, soaking up excess rural labor and offering many farmers part-time employment.

The repercussions have been profound. Laborer and farmer have found new interests in common. Labor has stepped up its missionary work among farmers, and farmers have responded. Last November, for example, the Ohio Farm Bureau Federation took a neutral position on the right-to-work amendment, though it was urged to support it. Labor credits farmers for helping beat the amendment.

• **New Voice**—Economic changes—and a higher general level of education—have affected the legislature. Though the state has not been redistricted since 1903 and rural counties still control the House, rural representatives speak with a new voice.

The time has gone, says a big-city Democratic senator, when a rural legislator just voted "no" on every bill to raise city debt limits or provide unemployment compensation—simply because he didn't understand them. Speaker Lantz points out that in his home town, Lancaster—a wealthy rural community near Columbus—some 2,800 now go to work at North American Aviation in Columbus, and there's more awareness of business and labor problems.

The changes cross party lines. A



Even tough purchasing agents unbend over plants and flowers

Bring out the glow that brings in the order

Send flowers-by-wire

You open the heart—and win the mind—with business gifts that grow. They're so sincere and unpretentious, they really touch people . . . melt them a little . . . bring out the glow. Your message gets home in a hurry—and stays home.

Try plants and flowers-by-wire on your customers. Just have your secretary phone your FTD florist, the man with the Mercury emblem. He's in the phone book Yellow Pages. Prices start at \$5. Delivery anywhere.

Something warm and human
and wonderful happens—
when you send flowers-by-wire

FLORISTS' TELEGRAPH DELIVERY

This Emblem Guarantees
Quality and Delivery
—or your money back



To find your FTD florist,
see phone book Yellow Pages:
"Florists-Retail-FTD"
World-Wide Delivery

*"Trial-and-error digging
is a dog's life"*



How do leading firms and salesmen avoid 'cold' prospecting?

In the new construction market, they use *Dodge Reports* to pinpoint active prospects... and guide the timing of sales calls.

Dodge Reports are mailed daily — directly to you or your salesmen. They tell who's going to build what and where. You specify the areas and types of construction you want covered. For each project, Dodge tells you whom to see... when bids are wanted — and even who else is bidding... anywhere within the 37 Eastern States.

Let Dodge show you how you can avoid missed or mis-timed opportunities... how you can concentrate on jobs you know will be profitable... how you can end the nuisance of 'cold canvassing'... how you can cut sales costs and boost salesmen's morale and earnings.

SEND FOR FREE BOOK

F. W. Dodge Corporation, Construction News Division,
119 West 40th Street, New York 18, N. Y., Dept. BW29

Send me the book "Dodge Reports — How to Use Them Effectively" and let me see some typical Dodge Reports for my area. I am interested in the general markets checked below.

- ☐ House Construction ☐ General Building
☐ Engineering Projects (Heavy Construction)

Area _____

Name _____

Company _____

Address _____

City _____ Zone _____ State _____



Republican representative notes that his small county now has some Puerto Rican workers, says, "Our people never knew what fair employment was all about. Now they recognize the problem. They figure it's right, and won't cost them anything."

III. New Needs, New Funds

Against such background of change, filtering up through political channels, DiSalle and the Assembly will be wrestling with state needs. They will be obliged to improve old programs, start new ones—and find new revenues to carry the new load.

Ohio has no state income tax. Like 29 other states, it finds its biggest single source of tax revenue in the general sales tax—3% in Ohio. This fiscal year's take is expected to hit \$217-million. Motor fuel taxes (at \$150-million) and motor vehicle licenses (\$90-million) produce the next biggest chunks of revenue. Lesser amounts, shading down from about \$40-million apiece, come from taxes on alcoholic beverages, cigarettes, public utilities, pari-mutuels, property and inheritance taxes, and various licenses.

Twelve states, including New York, draw most revenue from income taxes (and the 12 are now joined by Alaska), five from gasoline taxes, and one—Texas—from a severance tax on oil.

• **Finding the Money**—Estimates of Ohio's new tax needs run up from \$75-million a year. Gov. DiSalle has not specified how he will raise the money, but he has said how he won't: He opposes any more bond issues (the state's debt is now about \$700-million, and Ohioans, in general, plump for pay-as-you-go), and he does not want the state to start taxing corporate or personal incomes. Since 37 Ohio cities levy an income tax, a state income tax would create many complications.

It's more likely that DiSalle will seek to extend the state sales tax to the first 40¢ of a purchase and cut the administrative cost of collection; raise rates on cigarettes, gasoline, utilities, pari-mutuels, inheritance; perhaps levy a severance tax on minerals.

He may advocate raising the corporation franchise tax—which might seem at first glance a step that would drive business out of the state. But the present rate is low. DiSalle was too close to business in Toledo and is too aware of Ohio's good business climate in relation to neighboring states to want to drive business out. Even the Senate majority leader, Frank W. King, member of the bricklayers' union, says, "We're not going to do anything to hurt business."

• **Tackling the Jobs**—What's back of the move to boost taxes, of course, is the piling up of demands for more state

Royal McBee is cutting automation down to size



NEW KEYSORT TABULATING PUNCH

**Today's only machine that
automatically code-punches
and tabulates original records**

The new Keysort Tabulating Punch operates on a unique principle. It code-punches quantities and amounts into the body of your original Keysort cards as a by-product of establishing accounting controls. This same machine then automatically processes these proven records through basic accounting functions to the preparation of necessary management reports.

The proven speed and flexibility of Keysort for classification is now coupled with internal code-punching for machine tabulation of original records. This is the Automatic Keysort System . . . a new concept that allows you to proceed in an orderly

and profitable manner toward office automation along with the growth and expansion of your business.

At a rental of less than \$100 a month, this versatile machine is simple to operate and readily adaptable to centralized or decentralized procedures in companies of all sizes. In many important areas of plant control — job costing; labor distribution; inventory; labor, material and production control; sales and order analysis. In retail customer billing. In service organizations and hospitals — in every type of operation requiring fast, accurate data processing.

Call your nearby Royal McBee Data Processing Representative to arrange for a demonstration, or write Royal McBee Corporation, Data Processing Division, Port Chester, N. Y. for illustrated brochure S-565.

ROYAL M^CBEE • *data processing division*
NEW CONCEPTS IN PRACTICAL OFFICE AUTOMATION



Just
published!

THE UNCOMMON MAN

The Individual in the Organization
By CRAWFORD H. GREENEWALT

President, E. I. du Pont de Nemours
and Company, Inc.

142 pages; 5½ x 8; \$4.00

Can a "rugged individualist" rise to top executive rank in a big modern corporation? Or is the top rung reserved for those willing to submerge themselves into "conformity?"



This book answers these questions from the inside. Du Pont's tenth president here reveals his philosophy of business management, and shows what principles of executive success have guided the world's greatest chemical maker to its present eminence. He shows how organizations prosper when maximum freedom and incentives spur common men to perform uncommon deeds. Newest volume in the *McKinsey Foundation Lecture Series*, sponsored by the Graduate School of Business, Columbia University.

BIG BUSINESS AND HUMAN VALUES

By THEODORE V. HOUSER

How Sears, Roebuck & Co. blends business objectives and regard for human beings, told by its former Chairman of the Board in the second *McKinsey Foundation Lecture Series* volume. 103 pages, \$3.50

NEW FRONTIERS FOR PROFESSIONAL MANAGERS

By RALPH J. CORDINER

Here is the managerial philosophy of the Chairman of the Board, General Electric Co. Forthright views on problems facing large corporations. First in the *McKinsey Foundation Lecture Series*. 121 pages, \$3.50

FREE EXAMINATION COUPON

McGraw-Hill Book Co., Inc., Dept. BW-2-7
327 W. 41st St., N.Y.C. 36

Send me the book(s) checked below for 10 days' examination on approval. In 10 days I will remit for book(s) I keep, plus few cents for delivery costs, and return unwanted book(s) postpaid. (We pay delivery costs if you remit with this coupon—same return privilege.)

- ☐ Greenewalt—*The Uncommon Man*, \$4.00
☐ Houser—*Big Bus. & Hum. Values*, \$3.50
☐ Cordiner—*New Frontiers Prof. Mgrs.*, \$3.50

(PRINT)

Name
Address
City Zone State
Company
Position

For prices and terms outside U.S.,
write McGraw-Hill Int'l., N.Y.C.

BW-2-7

services. Here is what Ohio faces:

Highways. For years, the state funneled its low highway budget largely into rural roads. The \$500-million bond program voted in 1953 began to make up for neglect of main roads. The 1956 federal act, providing a 90% subsidy for interstate routes, helped give Ohio more mileage for its money.

In the last three years, the volume of road contracts let soared until it hit \$380-million last year—a figure the Highway Dept. considers an economic ceiling. Having already borrowed, in effect, against future federal payments, Ohio may be forced to reduce its highway building at a time when it needs more money not only for building new roads but for maintenance and resurfacing of old ones.

Education. Ohio has all of the nation's disparity between poorest and richest school districts, but over-all it falls below the national average. Among 38 states surveyed by the National Education Assn., 71.1% of the elementary school teachers had four years or more of college; in Ohio, the figure is 63.2%. Though salaries are a whisper above the national average (\$4,800 against the national \$4,775), they are still so low many quit teaching or leave Ohio. Ohio's salaries are 21st among the states.

That it gets as much schooling for its money as it does is largely a tribute to its solid—but hardly spectacular—success in consolidating poor, inefficient school districts.

But no one has come out for a wholesale raising of standards. Gov. DiSalle merely says he is tired of "improvising" from year to year, wants to study whether the state's 30% share of public school costs is too high or too low. He suggests that the state, rather than merely acting as tax collection agency for the districts, permit them to tax themselves more. In higher education, a commission has recommended that the state start new branches of its six universities, and new two-year colleges.

Labor. There's general agreement labor has more friends in the assembly than ever before. DiSalle has been friendly, but hardly affectionate; he insists he has no commitments to pay off. The upshot is that labor will get part, but not all of what it wants. Recession memories are too fresh to keep the assembly from going along with labor's—and DiSalle's—request for permitting simultaneous payment of supplemental unemployment benefits and state unemployment compensation.

Labor is also likely to get a fair employment practices act, may get higher workmen's compensation benefits. But DiSalle has rejected any hike in unemployment compensation beyond keeping up with living costs, and has ignored labor's request for a state minimum wage of \$1.25. **END**

clues:

To The Solution
of Management
Men's Problems

Published: weekly — closes 11 days in advance.

Rate—\$10.15 per line (\$5.08 per line for position wanted ads), minimum 2 lines. Allow 5 average words as line; Count 2 words for box number.

ADDRESS BOX NO. REPLIES TO: Box No.

Classified Adv. Div. of this publication.

Send to office nearest you.

NEW YORK 36: P. O. BOX 12

CHICAGO 11: 620 N. Michigan Ave.

SAN FRANCISCO 4: 68 Post St.

EMPLOYMENT SERVICE

Florida Jobs, all kinds, entire state, hundreds listed. Write Fastway Service, Daytona Beach.

POSITIONS WANTED

Exec. Ass't., 29, BBA, MBA, 9 yrs. exp. Top ass't. to top executive. PW-9879, Business Week.

Teacher, in 40's, wants industry job. Qualifications investments, taxes, Govt. contracts. Prefer Mid-Atlantic or Pacific-Alaska. PW-9829, Business Week.

Mech. Engr. wishes represent manuf. Office facilities N.Y. Fin. Dist. PW-9891, Business Week.

SPECIAL SERVICES

Increase Your Prestige Through Authorship! Exciting, profitable things can happen to the man or company whose book is published under our plan. For free brochures, write Sy Weiss, Exposition Press, 386 4th Ave., N.Y. 16.

Results-Imagineers at Results have the answers to your problems: new ideas, new products new solutions. Write Results, 32 Martin Ave., Johnson City, N. Y.

REGISTERED PATENT ATTORNEY

Patent Information Book without obligation. G. Miller, 29, BW-1, Warner Bldg., Wash. D.C.

BUSINESS OPPORTUNITIES

The Truth—If you are a \$5,000-to-\$20,000 investor you should have our free folder "What Is A Royalty" for higher monthly income than is possible elsewhere. Address BW Operator, Room 724, Cooper Bldg., Denver 2, Colorado.

Merger Possibilities and companies for sale. Our current list available. Established 1868. Elsele & King, Libraire, Stout & Co., 50 Broadway, New York 4, N. Y.

Small Business Wanted — Anywhere. Pay \$10M to \$250M cash. Confidential. Prefer management stay. Write Box 476 Leesburg, Ohio.

CAPITAL TO INVEST

Commercial and Real Estate Financing. 1st & 2nd Mortgages. Construction Loans. Chattel Loans on Machinery, Equipment, Fixtures & Inventory. Sales & Leaseback. Present Financing Consolidated and increased. Payments Reduced. Receivable Discounting. Re-Discounting and Installment Financing. Long-Term Subordinated Note and Debenture Financing. New Ventures Financed. Promotional financing. U. S. and Canada. Sy Field Co., 1457 Broadway, New York, N. Y. WI 7-7395

UNMATCHED

Advertisers have placed more pages of business and industrial advertising in *Business Week* than in any competing magazine for 19 consecutive years.

ADVERTISERS IN THIS ISSUE

Index for Business Week, February 7, 1959

ALAMEDA COUNTY (METROPOLITAN OAKLAND AREA) 73 Agency—Reinhardt Adv., Inc.	GENERAL MOTORS CORP. (CHEVROLET MOTORS DIV.) 46-47 Agency—Campbell-Ewald Co.	SIMPLEX WIRE & CABLE CO. 83 Agency—Henry A. Loudon Adv., Inc.
ALGENE MARKING EQUIPMENT CO. 39 Agency—The Lampert Agency	THE B. F. GOODRICH CHEMICAL CO. 4th Cover Agency—The Griswold-Eshleman Co.	S K F INDUSTRIES, INC. 48 Agency—G. M. Basford Co.
ALL-YEAR CLUB OF SOUTHERN CALIFORNIA 51 Agency—Foots, Cone & Belding	GOODYEAR TIRE & RUBBER CO., INC. (CHEMICAL DIV.) 2nd Cover Agency—Kudner Agency, Inc.	SOUNDScriber CORP. 33 Agency—Fuller & Smith & Ross, Inc.
AMERICAN CREDIT INDEMNITY CO. 70 Agency—VanSant, Dugdale & Co., Inc.	GREAT LAKES STEEL CORP. 34-35 Agency—Campbell-Ewald Co.	STATE OF ARKANSAS 63 Agency—Thomas C. Hockersmith & Assoc.
AMERICAN MUTUAL LIABILITY INSURANCE CO. 25 Agency—Compton Adv., Inc.	GREEN RIVER STEEL CORP. 55 Agency—Bond & Starr, Inc.	STEELCASE, INC. 79 Agency—Wesley Aves & Assoc., Inc.
AMERICAN TELEPHONE & TELEGRAPH CO. 3 Agency—N. W. Ayer & Son, Inc.	HALSEY, STUART & CO., INC. 50 Agency—Doremus & Co., Inc.	STERLING ELECTRIC MOTORS CO. 56 Agency—Helnitz & Co., Inc.
AMERICAN VISCOSE CORP. 4 Agency—Arndt, Preston, Chapin, Lamb & Keen, Inc.	IRISH INDUSTRIAL DEV. AUTHORITY 85 Agency—The Caples Co.	STONE & WEBSTER ENGINEERING CORP. 13 Agency—Harold Cabot & Co., Inc.
ARNOLD BERNHARD & CO. 43 Agency—B. L. Marel, Inc.	JONES & LAMSON MACHINE CO. 27 Agency—Henry A. Loudon Adv., Inc.	THOMPSON RAMO WOOLDRIDGE INC. 60 Agency—The McCarty, Co.
AUTOMOTIVE & AIRCRAFT DIV., AMERICAN CHAIN & CABLE 72 Agency—Reincke, Meyer & Finn, Inc.	KEYSTONE STEEL & WIRE CO. 42 Agency—Thomson Adv., Inc.	TOLEDO SCALE CO. 36 Agency—Besson-Reichert, Inc.
BANKERS BOX CO. 52 Agency—Frank C. Jacobi Adv., Inc.	MARSHALL & STEVENS, INC. 68 Agency—Gerth, Brown, Clark & Elkus of Los Angeles, Inc.	U-C LITE MFG. CO. 72 Agency—Merrill, McEnroe & Assoc., Inc.
BENDIX AVIATION CORP. 29 Agency—MacManus, John & Adams, Inc.	McGRAW-HILL BOOK CO., INC. 90	UNION CHAIN & MFG. CO. 38 Agency—Blaco Adv.
B-I-F INDUSTRIES, INC. 76 Agency—Horton, Church & Goff, Inc.	MEILINK STEEL SAFE CO. 72 Agency—Blaco Adv.	UNION PACIFIC RAILROAD 78 Agency—The Caples Co.
BODINE ELECTRIC CO. 56 Agency—The Fensholt Adv. Agency, Inc.	MINNESOTA MINING & MFG. CO. 14 Agency—Erwin Wasey, Ruthrauff & Ryan, Inc.	UNITED FRUIT CO. 83 Agency—Wendell F. Colton Co.
BUFFALO FORGE CO. 80 Agency—Melvin F. Hall Adv. Agency, Inc.	MOLLY CORP. 38 Agency—Ted Black	VIKING PUMP CO. 82 Agency—Wesley Day & Co.
CLUES (CLASSIFIED ADVERTISING) 90	OHIO DEPT. OF COMMERCE 57 Agency—Byer & Bowman	WELLINGTON SEARS CO. 77 Agency—Ellington & Co., Inc.
CONTINENTAL AVIATION & ENGINEERING CORP. 40 Agency—The Hopkins Agency	PARKERSBURG RIG & REEL CO. 30 Agency—Bosell & Jacobs, Inc.	THE YODER CO. 38 Agency—G. M. Basford Co.
F. W. DODGE CORP. 88 Agency—G. M. Basford Co.	PHELPS DODGE COPPER PRODUCTS CORP. 45 Agency—Compton Adv., Inc.	
DRAVO CORP. 66 Agency—Ketchum, MacLeod & Grove, Inc.	PHOTOSTAT CORP. 59 Agency—The Rumrill Co., Inc.	
EUCLID DIV., GENERAL MOTORS CORP. 71 Agency—Richard T. Brandt, Inc.	THE RAULAND-BORG CORP. 50 Agency—George Brodsky	
FINNELL SYSTEM, INC. 8 Agency—Johnson, Read & Co., Inc.	REPUBLIC STEEL CORP. 84-85 Agency—Meldrum & Fawcett, Inc.	
FISHER GOVERNOR CO. 82 Agency—The Biddle Co.	ROBBINS & MYERS, INC. 8-9 Agency—Weber, Geiger & Kalat, Inc.	
FLEET OF AMERICA, INC. 88 Agency—Melvin F. Hall Adv. Agency, Inc.	ROYAL MCBEE CORP. 69 Agency—Young & Rubicam, Inc.	
FLORISTS' TELEGRAPH DELIVERY ASSOC. 87 Agency—Keyes, Madden & Jones	ROYAL MCBEE CORP. (DATA PROCESSING DIV.) 89 Agency—C. J. LaRoche & Co., Inc.	
FORD MOTOR CO. 74 Agency—J. Walter Thompson Co.	JOSEPH T. RYERSON & SON, INC. 10 Agency—The Buchen Co.	
FUJI BANK, LTD. 86 Agency—Grant Adv. Agency, Ltd.	SCOTT PAPER CO. 41 Agency—Ketchum, MacLeod & Grove, Inc.	
GARDNER-DENVER CO. 7 Agency—The Buchen Co.	SHERATON CORP. OF AMERICA 3rd Cover Agency—Batten, Barton, Durstine & Osborn, Inc.	

ADVERTISING SALES STAFF

Midwestern Advertising Sales Manager
John P. Taylor—Chicago

Eastern Advertising Sales Manager
C. C. Randolph—New York

Atlanta 3....Douglas C. Billian, 134 Peachtree St., N. W. Jackson 3-6951
Boston 16....Kent Sanger, Park Square Bldg., Hubbard 2-7160
Chicago 11....Herbert M. Higgins, William F. Holbrook, James E. McShane, Robert Sidur, 580 N. Michigan Ave. Mohawk 4-5800
Cleveland 13....William C. Bradford, John G. Cashin, 55 Public Square, Superior 1-7000
Dallas 2....Gordon I. Jones, Vaughn Bldg., Riverside 7-5117
Denver 2....John W. Patten, Mile High Center, 1740 Broadway, Alpine 5-2981
Detroit 26....G. Robert Griswold, Richard J. McGurk, Penobscot Bldg., Woodward 2-1793
Los Angeles 17....Alfred L. Blessing, 1125 West Sixth St., Huntley 2-5450
New York 36....Harold E. Choate, Fred R. Emerson, John H. Glover, John F. Juraschek, Francis F. McAdams, Bruce A. McNaughton, Al T. Ofstie, John H. Stevenson, 506 9th Ave., Oxford 3-8859
Philadelphia 3....H. Bernard Alexander, James T. Hauptli, Six Penn Center Plaza, Locust 8-6350
Pittsburgh 22....John R. Thomas, Oliver Bldg., Express 1-1314
St. Louis 8....John F. Bonner, Continental Bldg., 3615 Olive St., Jefferson 5-4867
San Francisco 4....John W. Otterson, 68 Post St., Douglas 2-4600
London....Edward E. Schirmer, McGraw-Hill House, 95 Farringdon St., London E. C. 4
Frankfurt....M. R. Zeynel, 1, Reckneigraben, Frankfurt-M. Germany

Two Assignments for Congress

In the past week, Pres. Eisenhower has sent two major messages to Congress, filling in the details of the Administration's program. One covers labor (page 26). The other covers agriculture (page 22).

In both areas, and especially in its farm program, the Administration can be accused of not going far enough. But a President facing a strong opposition Congress must often settle for less than what he considers ideal. If adopted, both of the Eisenhower programs would represent long steps in the right direction. And from the standpoint of political realism, they represent all that he has any hope of getting Congress to accept.

Stopping the Inflation Machine

In his farm message, Eisenhower says that the present "control program doesn't control." A truer word was never said.

Budgeted at \$6-billion in the fiscal year starting July 1 (down from an estimated \$6.8-billion in the current year), farm programs would cost almost twice the sum allotted for missile making, nearly three times what we propose to devote to foreign aid. For an Administration that professes to be gravely worried about rising prices to ignore this obvious and indefensible engine of inflation would be so hypocritical as to be almost sinister. Even the crumbling remnants of the old farm bloc find it hard to defend.

Eisenhower's program does not promise to put an early stop to this ridiculous process of spending billions to pile up unwanted surplus. But it does have at least one great virtue: It would scrap the old party-price concept, a vicious device that has enabled the farmers to help themselves freely from the public Treasury while telling the world that they asked no more than "fair" treatment. Farm supports under the Administration's plan would be based on a three-year moving price average instead of the misnamed parity, which throughout the post-war period has never gone any way but up. A moving average would change slowly, but it could, and presumably would, move down as well as up.

In addition, the Eisenhower program aims at freeing the farmer eventually from planting controls. And by calling attention to the large payments made to big farmers (who need help the least) it holds up for all to see the essential phoniness of the help-the-poor-farmer line of reasoning that has brought us to our present unhappy state.

Ideally, we would like to see price supports for farm products pulled down rapidly to a level where they provide disaster insurance and nothing more. Then, and only then, crops would be grown to feed people rather than to job the taxpayer. But if politi-

cal realism says that we cannot have the ideal, then at least the President's program would be a move in that direction.

Reforming the Labor Laws

The important fact about Eisenhower's proposals for labor legislation is that he would combine a program of labor reform with sweeping changes in the Taft-Hartley Act.

Sen. John F. Kennedy has proposed a two-package approach to labor legislation. The first installment would include "relatively noncontroversial" provisions for internal union reform and require reporting on certain union practices. The second would come later and would seek a "modernization" of the Taft-Hartley Act.

Internal reforms and reporting are necessary steps toward elimination of abuses that exist in some unions, but they won't do the job by themselves. They would help in disclosing the symptoms of corruption; they would not act directly against the basic causes of existing evils.

Congressional hearings have shown how labor power can be abused through coercive boycotts and "blackmail" picketing. Such practices, which go far beyond the legitimate scope of union activities, would scarcely be touched by the Kennedy bill, which has the support of organized labor.

The President's proposals for union internal reform would reach further and would be backed up by stiffer penalties than Kennedy's. But the real strength of the Eisenhower program is that it would couple internal reform with a curb on the "unfair and coercive" practices which harm the public and injure innocent third parties. This means amending the Taft-Hartley Act to tighten restrictions on secondary boycotts and blackmail picketing.

Undoubtedly it will take longer for Congress to amend Taft-Hartley than to hustle through a non-controversial bill for internal reform. But we think that the President is absolutely right to insist that the two must be part of the same package.

The trouble with Sen. Kennedy's installment approach is that it invites Congress to adopt the easy part and postpone the hard part indefinitely. If Congress is allowed to deal with the bill for internal reform as a separate measure, the odds are that "modernization" of Taft-Hartley will then be swept quietly under the rug. The result would be that instead of real labor reform we would get a weak, halfway measure that would soothe the fears of labor abuses without really ending them. And in the long run that would be worse than no reform at all.

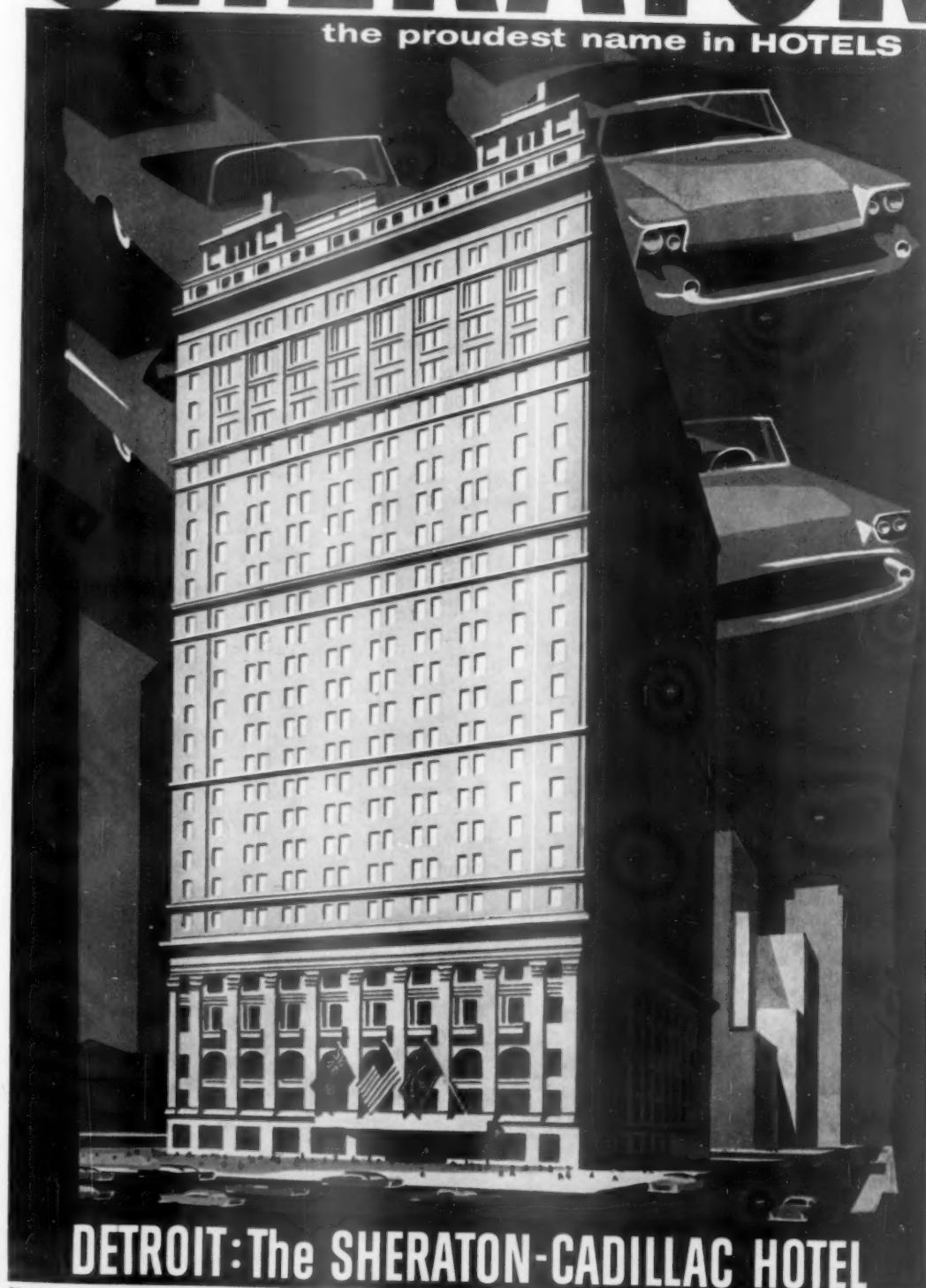
SHERATON



the proudest
name in
HOTELS

For Reservations
by the new
4-second
Reservation or
Direct-Line Teletype
call your nearest
Sheraton Hotel

the proudest name in **HOTELS**



DETROIT: The SHERATON-CADILLAC HOTEL

Here in the gathering place of automotive tycoons, you will quickly capture the Motor City mood. Join in the fun at the Motor Bar — relax in an extra-big, comfortable guest room. The *Diners' Club* card honored for all hotel service. *Sheraton Corporation Shares* are listed on the *New York Stock Exchange*.

EAST

NEW YORK
Park-Sheraton
Sheraton-East
(formerly
the Ambassador)
Sheraton-McAlpin
Sheraton-Russell
BOSTON
Sheraton-Plaza
WASHINGTON
Sheraton-Carlton
Sheraton-Park
PITTSBURGH
Penn-Sheraton
BALTIMORE
Sheraton-Belvedere
PHILADELPHIA
Sheraton Hotel
PROVIDENCE
Sheraton-Biltmore
ATLANTIC CITY
Sheraton Ritz-Carlton
SPRINGFIELD, Mass.
Sheraton-Kimball
ALBANY
Sheraton-Ten Eyck
ROCHESTER
Sheraton Hotel
BUFFALO
Sheraton Hotel
SYRACUSE
Sheraton-Syracuse Inn
BINGHAMTON, N. Y.
Sheraton-Binghamton
(opens early 1959)

MIDWEST

CHICAGO
Sheraton-Blackstone
Sheraton Hotel
DETROIT
Sheraton-Cadillac
CLEVELAND
Sheraton-Cleveland
CINCINNATI
Sheraton-Gibson
ST. LOUIS
Sheraton-Jefferson
OMAHA
Sheraton-Fontenelle
AKRON
Sheraton Hotel
INDIANAPOLIS
Sheraton-Lincoln
FRENCH LICK, Ind.
French Lick-Sheraton
RAPID CITY, S. D.
Sheraton-Johnson
SIOUX CITY, Iowa
Sheraton-Martin
Sheraton-Warrior
SIOUX FALLS, S. D.
Sheraton-Carpenter
Sheraton-Cataract
CEDAH RAPIDS, Iowa
Sheraton-Montrose

SOUTH

LOUISVILLE
Sheraton Hotel
The Watterson
DALLAS
Sheraton-Dallas
(opens early 1959)
AUSTIN
Sheraton-Terrace
Motor Hotel
MOBILE, Alabama
The Battle House

WEST COAST

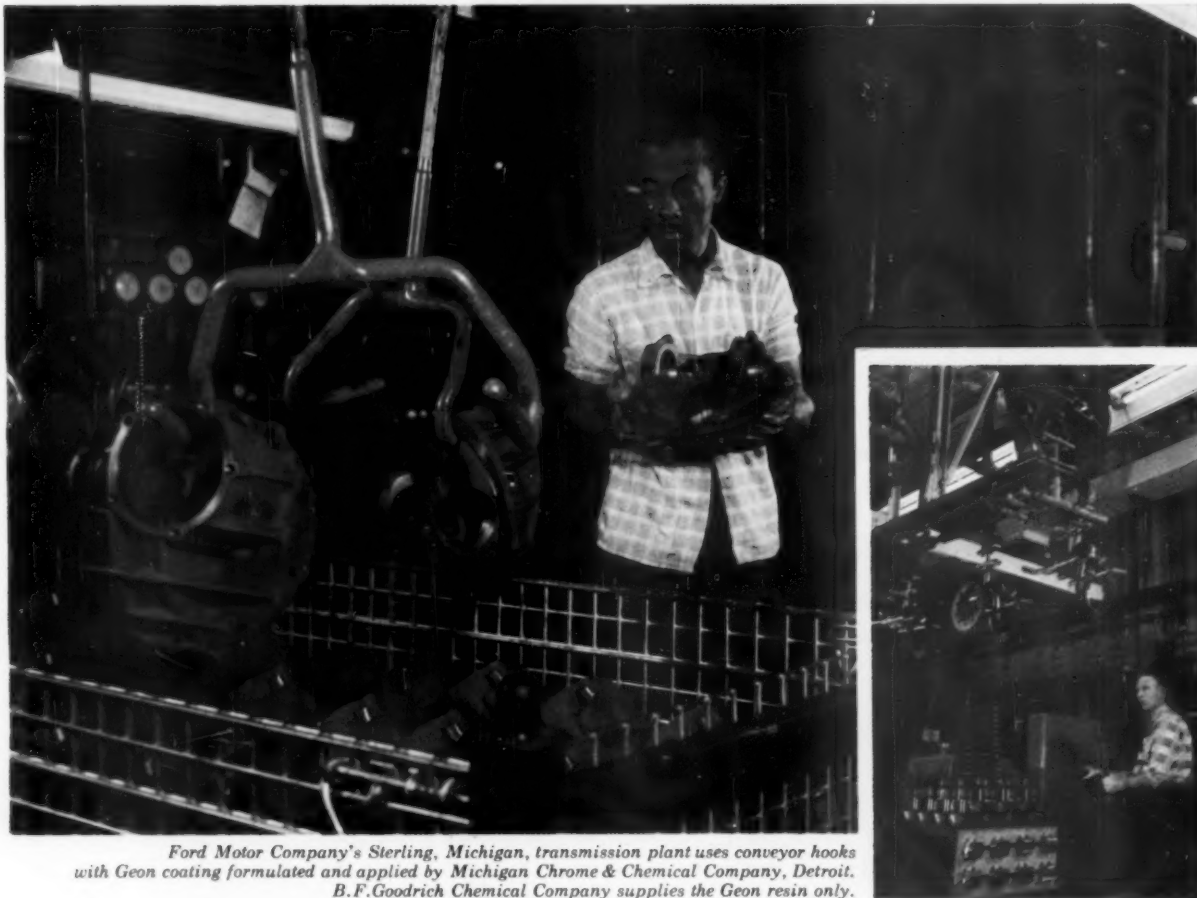
SAN FRANCISCO
Sheraton-Palace
LOS ANGELES
Sheraton-West
(formerly the
Sheraton-Town House)
PASADENA
Huntington-Sheraton
PORTLAND, Oregon
Sheraton Hotel
(opens fall 1959)

CANADA

MONTREAL
Sheraton-Mt. Royal
The Laurentien
TORONTO
King Edward Sheraton
NIAGARA FALLS, Ont.
Sheraton-Brock
HAMILTON, Ont.
Sheraton-Connaught

Another new development using

B.F. Goodrich Chemical *raw materials*



Ford Motor Company's Sterling, Michigan, transmission plant uses conveyor hooks with Geon coating formulated and applied by Michigan Chrome & Chemical Company, Detroit. B.F. Goodrich Chemical Company supplies the Geon resin only.

"Soft touch" of Geon safeguards parts quality

The overhead conveyor system in this automatic transmission plant uses 26,000 hooks coated with Geon polyvinyl material. The soft yet durable coating made from Geon protects finished parts while they are carried from machining to assembly stations.

In addition to giving the hooks a long and profitable service life, the Geon coatings come in any color, permitting color-coding for multiple conveyor operations.

Versatile Geon is ideal for many

coating applications, since it disperses readily in the coating formula. Geon can be used to coat paper, textiles, metals or almost any material to provide new or improved advantages. Hundreds of types of Geon resins, plastics, latices and polyblends are available, tailored to specific uses for coatings, moldings, extrusions, or rigid or foam applications. For information, write Dept. LA-2, B.F. Goodrich Chemical Company, 3135 Euclid Avenue,

Cleveland 15, Ohio. Cable address: Goodchemco. In Canada: Kitchener, Ontario.



B.F. Goodrich Chemical Company
a division of The B.F. Goodrich Company



GEON polyvinyl materials • HYCAR rubber and latex
GOOD-RITE chemicals and plasticizers • HARMON colors

